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Chair

The Honourable Wayne Easter

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● (0850)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

Welcome to the witnesses. Thank you for coming.

As you know, we're continuing our pre-budget consultations in advance of the 2019 budget. I want to thank everyone who put in a submission prior to August 15. We look forward to your remarks this morning. All these submissions are on our iPads so people will be referring to those from time to time.

To start, here is a former colleague, Sergio Marchi, with the Canadian Electrical Association. Welcome, Sergio.

Hon. Sergio Marchi (President and Chief Executive Officer, Canadian Electricity Association): Thank you, Mr. Chairman. Thank you to the members for the opportunity to address your committee.

Reliable electricity has become indispensable to a competitive economy and a high quality of life. Moreover, our sector is over 80% GHG-free, making it one of the cleanest sectors in the world. But we're not done yet, as electricity can help further power Canada's clean energy transition through the electrification of other industrial processes.

Electrifying the Canadian economy will be neither easy nor cheap. The Conference Board of Canada estimates that our sector's electrification will need an investment of $1.6 trillion by 2050 if we are to meet Canada's climate and clean growth objective.

On behalf of our members, our pre-budget submission offered four specific program recommendations and two broad policy recommendations that we hope will be addressed by budget 2019. I will recap, as it relates to the former: one, recapitalize oversubscribed NRCan funding programs; two, allocate funding for a zero-emissions vehicle strategy; three, expand investments in northern energy infrastructure; and four, allocate funding for the development of a national electrification strategy.

With respect to the two more macro proposals, first, if we are to attract clean energy investment and for our companies to sustain their health and viability, Canada must ensure a competitive fiscal environment. We're pleased that the theme for the upcoming budget will focus on competitiveness and growing the economy. Second, Canada's burdensome regulatory environment must be urgently addressed, as it has become dangerously heavy and remains uncoordinated among the three senior levels of government.

I believe that Canada's business sectors are united in expressing concerns regarding the current Canadian investment climate. These concerns stem in part from a growing competitiveness divide with the U.S., and an uncertain regulatory process for approving large capital projects in the country. This climate is also exacerbated by the uncertainty surrounding the NAFTA negotiations, and the imposition of various U.S. trade protectionist measures.

Obviously this also impacts our sector. For example, this year, seven of the top 10 largest infrastructure projects come from the electricity sector. As well, our members are investing some $20 billion annually towards renewing our aging infrastructure. Every single cent of these monies must be approved by the regulator, and therein lies the political risk.

This energy transition, and positioning Canada to be a global clean energy leader, will require additional and sustained investments from the federal government in both infrastructure and innovation support mechanisms. In this regard, while electricity is provincially regulated, the federal government does play a significant role in its development, since some 34 federal departments and/or agencies are involved in the electricity space. That's one reason we need governments to complete the Canadian energy strategy, so we can strategically leverage all of our energy assets for the benefit of all Canadians in all regions.

In closing, the work of nation building, as you know, never stops. Building transformative and resilient infrastructure is our obligation to the next generation. Throughout our history we have met this challenge. Think of the great railroads of the 19th century; the highways, seaway, and broadcasting systems of the 20th; or the Canadian arm that extended mankind's reach into space. These transformative accomplishments, I would suggest, were all made possible because Canadians knew the importance of thinking ahead. It is now imperative that governments work together, make wise investments and earn the trust of Canadians and industry if we are to succeed in another great moment of transformation.

Thank you.

● (0855)

The Chair: Thank you very much, Sergio.

Turning to the Canadian Gas Association, we have Mr. Egan, president and CEO; and Mr. Cheliak, Vice-pPesident.

Welcome. The floor is yours.

Mr. Timothy Egan (President and Chief Executive Officer, Canadian Gas Association): Thank you, Mr. Chairman. Thank you for the opportunity to appear today.

By way of introduction, the Canadian Gas Association is the voice of Canada's natural gas delivery industry. We deliver natural gas to over seven million customer locations; that's homes, businesses and industry right across the country. In each location there's a meter reaching many people, and by our estimate, well over 20 million Canadians currently benefit from affordable, clean-burning and safe natural gas.

We've provided a map where you can see the Canadian natural gas distribution service area. All members of the committee should have a copy.

In 2017, natural gas met 34% of Canada's energy needs, over a third of all energy end use, a number that has grown by 28% since 2007. Growth is expected to continue. The National Energy Board forecasts that natural gas will become the largest energy source in Canada by 2040, at approximately 40% of end use.

The Government of Canada has made competitiveness its 2019 budget priority, and in order to deliver on a more competitive country, our homes, businesses and industries require expanded and innovative access to clean, reliable and affordable natural gas. We included some graphics to showcase the affordability of the product for you. The first chart on delivered energy costs shows how natural gas has been less than 50% of the cost of other energy sources consistently since 2005. The second chart, listing annual home heating costs, shows how a Canadian home using natural gas can save between $1,000 and $2,500 per year over other fuel choices.

Competitiveness turns on energy affordability, and natural gas is consistently Canada's affordable fuel option. We do a lot, but the Government of Canada says do more, and what more can we do? We offer six recommendations where natural gas and our infrastructure can help improve Canadian competitiveness.

First, we propose a $750-million federal renewable gas innovation program to support the production and blending of renewable gases in the gas pipeline system. We propose a program with a six-year duration to be managed by Natural Resources Canada and CanmetENERGY to support projects and technologies including renewable natural gas, like landfill methane and hydrogen. It should be noted that these are fuel supplies that can be blended directly into the existing gas infrastructure system. No new infrastructure is required.

The goal would be to get a 5% renewable gas portfolio into the Canadian pipeline system by 2030, delivering up to 14 megatonnes of additional GHG emissions reduction. Project funding would cover up to one-third of total project cost, provided either by a production incentive, a capital cost contribution or some hybrid option. Finally, most importantly, the program would support the natural gas industry in meeting federally imposed emission reduction targets, such as those proposed under a clean fuel standard.

Second, we would propose a fund of $450 million to connect rural and remote Canadians to natural gas. Well over a third of Canadians do not currently have access to the gas distribution network and they depend on more expensive energy supplies. CGA has heard from many members of Parliament on all sides of the house, particularly those in rural areas, that their constituents have concerns about high energy prices. CGA has developed a proposal to address rural Canada's unique energy needs and we're happy to make this available to all those interested. It builds on many past precedents to deliver key energy infrastructure to Canadians.

Third are measures to expand the use of natural gas as a transportation fuel. CGA has been working closely with Transport Canada and Natural Resources Canada to advance this area. Natural gas vehicles are a solution to Canada's freight emissions challenge, providing up to a 25% reduction in GHG emissions and lower commodity costs.

We recognize the important federal support provided in budgets 2016 and 2017 to support low-emission refuelling infrastructure, including natural gas. Looking forward, we see a role for government working with industry in three areas: to defray higher upfront costs associated with the acquisition of natural gas powered vehicles, to support additional development of public access refuelling infrastructure, and to support NGV implementation projects, including facility upgrades required to promote workplace safety.

Fourth, we focus on creating a natural gas clean-tech innovation fund for Canada by leveraging the work we're already doing in the industry through our own natural gas innovation fund, created in October of 2015. Our NGIF partners with gas utilities and with Canadian and international clean-tech companies that bring solutions to challenges facing our industry. CGA has been working closely with NRCan's office of energy research and development, the office of energy efficiency, and CanmetENERGY by building a trusted partnership where we share information and project funding opportunities. This is a unique arrangement in Canada.

● (0900)

Building on the work we've started, we propose the allocation of $300 million over six years to support clean technology commercialization in our industry. The fund would have five distinct technology categories, along the full natural gas value chain: methane venting and fugitive emissions; heat and power generation; renewable gases; CO2 capture, utilization and storage; and LNG. The fund would address the full value chain of natural gas clean-tech needs, including production, transmission, distribution and consumption.

Fifth is cybersecurity, which is a growing area of importance for the energy sector at large, and for CGA and our member companies. We recommend that the federal government continue to support collaborative opportunities between the Canadian centre for cybersecurity and the private sector, to share skills and knowledge and enhance risk management in cybersecurity.

Sixth is a focus on the needs of the energy consumer. As Canadian federal and provincial legislators and regulators look at ways to achieve GHG emission reduction targets, we recommend that there be a public and transparent accounting of the costs involved in achieving those targets. No single government is looking at the total cost to the Canadian energy consumer, but rather at their individual piece. Moving forward, our recommendation is to start addressing the situation with an annual joint meeting of energy and mines ministers and environment ministers to discuss regulatory overlap and the consumer impact.

In conclusion, we know that natural gas is well positioned to support the government's objectives. We're working hard to help. Our natural gas innovation fund is an example where our industry is actively pursuing the development of new technologies to build on the value proposition of our product. We encourage consideration of our recommendations in moving forward to do more still, if the government wishes to meet the targets it has set.

Thank you for the opportunity today. I'm happy to answer any questions.

The Chair: Thank you, Tim.

I'll turn to the Fisheries Council of Canada and Mr. Lansbergen.

Mr. Paul Lansbergen (President, Fisheries Council of Canada): Thank you, Chair and honourable members. It's a pleasure to be with you this morning.

The Fisheries Council of Canada, or FCC, is the national voice for the wild capture sector, representing processors on all three coasts and in inland waters. Many of our members also harvest.

In our submission we highlighted four issues: restore investment confidence, fund science-based decision-making, expand trade and market opportunities, and address labour shortages. However, for my remarks this morning, I'm going to focus on the first recommendation. Without action on it, the others are less of a concern because the first holds primacy.

Instability of access to the resource and policy uncertainty have eroded the confidence to invest in equipment, new technologies and conservation. Without that investment, we won't grow, innovate or create employment. There are three reasons for this lack of confidence.

First, unlike other natural resource sectors, the fisheries sector is beholden to the federal government for access to the resource. Experience has shown that licences and quotas can be involuntarily relinquished without compensation. This has had a rippling effect throughout the sector, leading to a lack of confidence to invest. Operators will not invest if they don't think they can have their licence or quota long enough to earn a return on investment.

Second is the significant push to meet Canada's marine conservation target by establishing marine protected areas or other refuges, discussion of new minimum standards on marine protected areas, and speculation about more ambitious marine conservation targets to come. The fishing sector is getting squeezed into fewer areas where it can harvest.

Third, amendments to the Fisheries Act, and some 15 new regulatory amendments to follow, represent a time of tremendous change in the regulatory framework governing the sector. But none of these changes really address the priorities of the sector. We operate under some antiquated regulations that have not been updated for over 30 years and act as a barrier to efficiency, innovation and improved conservation.

Why does this matter? I can give you three reasons, all relating to growth opportunities.

One, the growing global population and growing affluence are leading to growing demand for protein, including fish and seafood. Second, here at home the federal government has set an ambitious growth target of reaching $75 billion of agri-food exports by 2025. Third, the sector is missing out on $600 million of additional revenue annually because we are not maximizing the value of what we harvest today.

We would like to realize our growth potential, but that won't happen without investment.

I would now like to dive a little deeper into the first issue of involuntary relinquishment. This relates to the government's reconciliation agenda. This only happens in our sector because the government exercises authority of claiming that licences and quotas are a privilege to a public resource, not a right. This does not happen in other sectors such as oil and gas, mining or forestry.

Just because it can doesn't mean it should. Fisheries and Oceans has testified in court that involuntary relinquishment by commercial licence holders is unnecessary and unhelpful to the principles of reconciliation. Moreover, the Supreme Court of British Columbia has iterated that voluntary relinquishment should be the route to reconciliation.

Our recommendation has been urging DFO to resume its use of a willing buyer, willing seller model for reallocations as part of the reconciliation agenda. It has previously done so with the Pacific integrated commercial fishery program. This will respect past investments and facilitate ongoing investment.

Re-establishing the confidence to invest will enable the growth aspired to by the sector and envisioned by the government. At the same time it will enable innovation, making the sector more competitive and sustainable.

I look forward to your questions.

● (0905)

The Chair: Thank you very much, Paul.

Now we have Ms. MacEwen from the Canadian Union of Public Employees.

Ms. Angella MacEwen (Senior Economist, National Services, Canadian Union of Public Employees): Thank you, Mr. Chair and honourable members. On behalf of the 665,000 CUPE members who work hard and deliver quality public services in communities across Canada, I thank you for the opportunity to be here.

I will summarize our main recommendations from the written report that CUPE has submitted to the committee, and I'll propose a bit of a twist on what the federal government can and should do to foster a competitive economic environment.

While it's not often appreciated this way, investment in public services plays a very important role in improving any nation's productivity and competitiveness. For example, it's been estimated that each dollar in public infrastructure investment generates an average of 17¢ per year in cost savings to Canadian businesses. Improvements in public health have increased productivity by at least 20% across OECD countries. A post-secondary degree increases individual earnings and presumably productivity by about 40%, and increased educational attainment is responsible for about 20% of overall growth in productivity in Canada.

Public investment in child care provides a social return of two dollars for every dollar invested. It significantly increases employment and economic output, and it pays for itself through increases to government tax revenue. Improved universal public pensions, which this government introduced at the beginning of its mandate, increase economic growth and generate more jobs, because they generate more demand for lower-income families. They improve productivity by reducing barriers to labour mobility during your working life.

For years we've been told that we need to lower corporate taxes, cut back public spending, deregulate, privatize and sign more international trade and investment treaties to create a competitive business environment, and that this would lead to prosperity for all of us. But what we've seen as a result of this policy prescription is a growing concentration of wealth at the top, dwindling productivity growth across industrialized nations and mostly stagnant wages in Canada. If you take out Alberta from wage growth, everyone else's wages have stagnated. Even organizations that have commonly advocated for the previous measures of lowering corporate taxes and deregulation are now starting to rethink their approach.

We think it's time for a new paradigm for productivity and competitiveness, one that focuses on people. For example, the research shows us that improvements in health care are responsible for about 25% of the increase in labour productivity in industrialized countries in recent decades. It makes sense that workers are more productive when they have their basic needs taken care of, when they have high-quality post-secondary education that they can afford, and when they don't have to worry about bridging the gap in their families' various care needs. This is why CUPE recommends several measures to restore the social wage in Canada, which will boost productivity, competitiveness and well-being for all Canadians.

The first is to establish a national, universal, single-payer pharmacare plan. We recommend that it be developed with the provinces and territories to make sure that all Canadians have access to safe and effective prescription drugs, with a national formulary and an arm's-length federal agency to manage the plan.

We recommend that the federal government commit to sufficient long-term funding to establish a national early-learning and child care framework, working with the provinces, territories and indigenous peoples, that will ensure universal, affordable, inclusive and high-quality child care for all Canadian families, and we recommend that in this budget, we invest at least a billion dollars toward that aim.

This is a bit of a higher goal. We recommend that you create a dedicated post-secondary transfer to the provinces, increasing transfer funding by 40%, and work with the provinces to reduce and eventually eliminate tuition fees for post-secondary education.

We recommend a federal minimum wage of $15 an hour. Again, that increases demand for low-income families. It supports local communities and increases economic output. We recommend a modernized fair wage policy that applies to all federal contractors. The federal government should set the standard in establishing fair wages and good work.

● (0910)

We recommend converting the Canada Infrastructure Bank to a truly public infrastructure bank that uses only the lower-cost public funding, and convert federal funding for more costly P3s into funding for publicly financed and operated infrastructure.

We recommend that you level the playing field for national businesses and tax foreign e-commerce companies like Uber, Airbnb, Netflix, Facebook, Amazon and Google on the business that they do in Canada. It's only fair and it would generate about $1 billion in tax revenue.

Finally, I would submit to the committee that Trump's tax cuts are a short-term "sugar rush" for the U.S. economy and are likely to be either undone or result in significant cuts to public services in the U.S. Either way, there is no rush to follow the United States down a path that has seen large U.S. corporations continue a trend of short-term stock price boosting through, for example, share buybacks, and has not seen any significant investment in physical infrastructure or in workers.

I look forward to your questions.

Thank you.

The Chair: Thank you very much, Angella.

Turning to the Public Service Alliance of Canada, we have Mr. West.

Welcome.

Mr. Howie West (Work Reorganization Officer, National Programs Section, Public Service Alliance of Canada): Thank you for your invitation to appear today. Our president, Chris Aylward, sends his regrets.

PSAC has several recommendations for the 2019 federal budget, which were outlined in our written submission.

The Phoenix pay system is still a matter of great concern to our members and everyone who works in the federal public service. We are in ongoing discussions with the government about damages, among other issues. However, the 2018 federal budget failed to provide a plan to allocate its funding commitments related to Phoenix into the future. What is more, the funding was insufficient to ensure that federal workers are paid correctly, and to compensate them for the damages Phoenix has caused.

The 2019 budget must include sufficient funding for proper compensation. It must include funding for the development and thorough testing of any new system, and funding for the human resources needed to support the current Phoenix system and any new system going forward.

Another big concern is the use of public-private partnerships, or P3s, for federal services and infrastructure. Evidence shows that P3s do not result in cost savings or reduced risks because the public has to pick up the pieces when the private partner fails. The Phoenix disaster tells that story very well. Around the world governments are moving away from the P3 model because cost-benefit analysis supports fully public infrastructure investments. The government certainly does not need P3s, given the lower borrowing costs afforded to it.

We recommend that the government cancel current procurement processes for P3 infrastructure and reissue them as design-build requests with public sector workers providing the operation and maintenance of those facilities. We also recommend that the government develop a process to terminate contracts for other existing P3s and return them wholly to the public service to operate and maintain.

Now I want to touch on precarious or non-standard work, a type of work that is increasingly common in Canada. In the federal public service, 15.3% of employees are categorized as term, casual, or student. This number does not include workers who are self-employed or employed by companies that contract to the federal government, such as temporary-help agencies. While information about the actual contracts and payments to these contractors is available, nowhere in the government reporting is there a consistent and comprehensive tracking of the people who make up this substantial portion of the workforce. This is a reflection of poor oversight.

We recommend the government reduce, with a goal of eliminating, the use of temporary-help agency workers and other types of external contract personnel within the federal public service. Further, we recommend developing and implementing, in consultation with public sector unions, a system-wide process for the comprehensive tracking and reporting on the use of temporary-help agencies and other external contract personnel.

Now a word about pay equity and the legislation we expect the government to table this fall. If this new law is to be effective, there needs to be funding attached to it. Both the 2004 federal pay equity task force and the more recent special House of Commons committee on pay equity called for a federal pay equity commission and a pay equity tribunal, both of which will require funding. Informing and educating employers, unions and employees of their rights and responsibilities as well as enforcing the new law will require funding. We expect to see this funding included in the 2019 budget.

Finally, we have a recommendation about child care. The 2018 federal budget acknowledged that women's participation in the paid labour force has been one of the most powerful sources of economic growth in recent decades. In order to provide the type of child care system that actually advances gender equality and yields economic returns, the government must go forward and beyond its multi-year allocation plan. PSAC supports increasing federal child care funding by $1 billion annually until we meet the accepted international benchmark of 1% of GDP annually on early learning and child care. We also support providing conditional federal transfers to the provinces and ensuring the funding goes directly to public and not-for-profit providers.

● (0915)

Thank you. We'll be pleased to address any of your questions.

The Chair: Thanks to all of you.

We're going to seven-minute rounds initially.

Ms. Rudd.

Ms. Kim Rudd (Northumberland—Peterborough South, Lib.): Thank you very much, Chair.

Thanks to all of you for coming and presenting to us on this lovely rainy day.

I have a couple of things. Sergio and Tim, I was listening to your remarks. As you know, I know a fair bit about the organizations and the work you're doing jointly with the government, particularly with NRCan. I'm going to ask both of you to comment on the larger energy strategy, or the national energy strategy, which we talk a lot about, and on how you see what you're talking about today fitting into that larger Canadian energy strategy.

As you know, in the Generation Energy report, there really is an all-of-the-above approach as we look at doing a number of things that we're doing right now. Ontario is an example. Nuclear is very prevalent in my riding. In Ontario, 60% of our electricity comes from nuclear. The rest comes from gas, wind and solar. The decarbonization, if you will, of the grid in Ontario has moved forward significantly.

How do we help the rest of the country and work with the rest of the country, with the provinces and territories, to help move that forward as we increase the number of electric vehicles and as we go further into the work that I know you've all been doing?

I'll go to you first, Sergio. On your national electrification strategy, can you tell me a little bit about how you see that fitting into the larger Canadian energy strategy? What would that look like?

Hon. Sergio Marchi: Thank you very much.

First of all, the position we've taken for a long while is that we hope both the provincial and the federal governments push that national Canadian energy strategy over the goal line. I think it is logical to have governments working together to harness all of our assets in all of our regions and have that blueprint going forward.

Second, I think that strategy would imply a greater degree of coordination. For example, as I said in my remarks, when it comes to regulatory frameworks, we find it dangerously heavy right now. It does affect competitiveness, particularly when you have a government in the United States that is shaving regulatory overhang at a record rate.

I'm not suggesting that we need to follow suit on every aspect. I'm not suggesting that we slash and burn our regulations. We recognize the need for regulatory frameworks for our industry, and we recognize that regulations serve societal goals as initiated by governments. However, the fact of the matter is that we are really experiencing a cumulative regulatory pancaking that no one government, no level of government, is responsible or accountable for.

We've asked that the annual meeting of mines and energy ministers address that. It would be a perfect and legitimate forum for this. As Tim mentioned, every level of government is concerned only with its own respective layer of pancake regulations, but we need to get the whole cumulative aspect right because our industry is asked to eat and pay for each of these pancakes, and then we pass that on to the consumer. A strategy would also inherently make co-operation a priority and, therefore, coherent.

On electrification, I would start, as we suggested to the minister and in this presentation, by beginning the process of having an electrification strategy. We all talk about the need. The Conference Board has some big numbers for what we would need for the electricity sector, but we need to have a national strategy, if you will, which again puts the onus on the federal government to also include provincial and territorial governments. We suggest that we fund that development so that, again, we can all play a part, including having the confidence of Canadians and industry.

But we have to start with a plan, and until we have a plan, the talk is going to be disjointed and, therefore, ineffective.

● (0920)

Ms. Kim Rudd: Thank you very much.

Tim, I'll move to you. Your second recommendation is to connect rural Canadians to natural gas. As you know, I live in a rural riding, Northumberland—Peterborough South. We have been seeing natural gas come out further and further into the more rural communities. Certainly to my agriculture community it's an extremely important asset. For poultry farmers, for example, who are relying on electricity or diesel to make sure their barns are warm, if something went wrong, there was no plan B.

There are two things here that maybe you can talk about. First is the natural gas as it relates to rural communities. How do you see that unfolding, and again, what might that strategy look like? Second, you mentioned the natural gas in vehicles. I have to confess that I wanted an electric vehicle, but my rural riding does not support the infrastructure as of yet—or not to the degree where I feel comfortable, in January, running around in my riding. I did manage to buy a hybrid last week, so I'm moving there.

One thing that's interesting to me is that in countries like Argentina, they use natural gas almost exclusively in their vehicles. They do so because they have an abundance of it. Can you talk about how you see that working with the electric vehicle strategy, and also how we can accelerate that rural access to natural gas?

Mr. Timothy Egan: First, on rural expansion, the interest is coming from many members like you. Many of your colleagues on the government backbenches have come to us with a specific request in response to demands from constituents, so it's responding to a reality on the ground. People are saying, "Wait a second, there's cheaper energy over there. Why can't I get access to it?" The point of the strategy is to be able to respond to that.

There are many precedents for the expansion of energy infrastructure into rural areas by government, on the electric side and on the gas side, and we're talking about a similar expansion. This would be direct assistance to underwrite part of the cost of the infrastructure. Other portions of the cost would be picked up by the utilities and ultimately by the ratepayers themselves. It's an assistance program. Again, there are many precedents for it. We would simply be building on past precedents, both federal and provincial.

I think the response of the government should be to open the doors to those areas that are looking for this kind of assistance and they will come forward. We have a long list of communities right now that have approached our member companies. We've encouraged those communities to talk to provincial governments and to the federal government. We're happy to do that directly. There are lots of precedents we can cite to show you how this can be done.

On the vehicle question, it kind of goes back to a discussion I had with the previous Minister of Natural Resources, Minister Carr, with respect to broader energy issues. It touches on some of the points Sergio was making about the idea of an energy strategy. We're a little concerned about some of the conversation, because it seems to be turning towards proposing technology favourites. I asked Minister Carr if his goal was to reduce emissions or to design what the energy system should look like. We think that of the two, it should be to reduce emissions and then say to industry, "All right, go and be creative."

With respect to vehicles, we think there are opportunities for electric vehicles more likely in highly dense urban areas, where it's relatively cost-effective to build the infrastructure. For natural gas vehicles, there would be other portions of the transportation market better suited: freight vehicles, rail, marine, etc. Much of this is happening now. We think it can be expanded. We think we can look at the idea of a national transportation energy grid whereby we can be extending the use of natural gas.

Essentially, that's what happened in countries like Argentina, where there was extensive support for the expansion of that infrastructure. It happened to be the fuel that was most available to them for a variety of reasons.

● (0925)

The Chair: Thank you, all.

Mr. Poilievre, you have seven minutes.

Hon. Pierre Poilievre (Carleton, CPC): Yes.

My first question is for you, Mr. West. I'm wondering if your organization has a position on the Infrastructure Bank.

Mr. Howie West: We certainly do. It wasn't directly in our submission, but certainly we agree with our colleagues in CUPE that the Infrastructure Bank ought to be funded with public money, for the same reasons my colleague Angella just enunciated. We believe public financing is cheaper than private financing. We believe the outward costs to the taxpayer are more transparent than the costs are with private financing, and we believe the ability to be transparent and accountable about the infrastructure being built is far more available than it would be with private financing.

Hon. Pierre Poilievre: Do you worry about the government's plan to provide loan guarantees and other financial instruments that will protect the profits of private corporations at taxpayer expense?

Mr. Howie West: Certainly, I think our concern would include that, but it's further than that.

We believe that the public has a borrowing power that's cheaper than the private sector. We believe that it's not a question of supply; rather, it's a question of the financial resources that we ask the public to pay. There's been a general consensus over the last few years—that economists around the world have been starting to dispute—that austerity and filling the gap through private funding have been successful. That is showing more and more not to be the case.

Hon. Pierre Poilievre: My next question is for the—

The Chair: Go ahead, Angella.

Ms. Angella MacEwen: I just wanted to say that loan guarantees are actually one of the things the government can do really well. It often doesn't cost them money and it's useful to sustain industries—for example, right now, where we have the steel tariffs or the softwood lumber tariffs. In particular emergencies, loan guarantees can be a very useful tool for government to help industry weather difficult storms.

In other examples through the Infrastructure Bank, it's not a great plan.

● (0930)

Hon. Pierre Poilievre: My concern is that municipalities have successfully put the burden of risk on private companies when it comes to infrastructure procurement, so that if a project goes over budget, the private company has to pay that overrun, which I think is fair. They're the ones that are responsible for the mistake.

I worry about loan guarantees that actually protect the private company against its own failures at the expense of taxpayers. I don't have a problem with infrastructure companies making a profit, but profit and risk go together. If they make a mistake, it shouldn't be my constituents who pay for their mistake. That's my principal objection to its use in infrastructure procurement.

Ms. Angella MacEwen: I would agree with that.

Hon. Pierre Poilievre: The Honourable Sergio Marchi was talking about the pancakes of regulation. Which specific regulation could the federal government remove, or have removed, to allow for additional electrification?

Hon. Sergio Marchi: If governments were to actually look at all those layers of pancakes, then—

Hon. Pierre Poilievre: You have looked at all those layers of pancakes. We're looking more for answers, rather than more questions. What exactly would you deregulate? Which regulations would you remove? What steps, exactly, are you asking us to take?

Hon. Sergio Marchi: We haven't done that piece of homework yet.

I think we have to get to first base first, because governments refuse to even talk about coordinating.

Hon. Pierre Poilievre: My next question, then, is for the Fisheries Council. You mentioned some of the regulations that are accumulating on your sector. Which ones would you eliminate?

Mr. Paul Lansbergen: First, we have to recognize that DFO, with the new Fisheries Act, is going to have a tremendous burden on itself to write a lot of the new regulations under the new act. It will require resources within the department to hold the consultations that are required for that. It will require the support of the centre of government with justice lawyers to draft the regulations.

We'd like to see some specific regulations addressed while they're working on that, and to give a specific example: export certificates. Our companies have to request an export certificate. It takes five days to get the certificate. CFIA does not inspect in order to provide the export certificate, so it's just a delay. Our facilities are already approved through CFIA, through a HACCP program, and other measures, so that's just slowing things down. For an export-oriented economy that should be something that should be easily fixed.

With respect to LED lighting on fishing gear, other countries use this new technology to either repel unwanted species, to avoid bycatch, or to attract the target species. We're not allowed to do that. Some marking of gear, or even retrieval of lost gear, is not allowed under certain circumstances. That situation seems to be a little perverse.

Little things like that are preventing us from innovating and becoming more competitive. Those are just some simple ones.

● (0935)

Hon. Pierre Poilievre: Thank you.

The Chair: Mr. Julian.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Thank you very much, Mr. Chairman. I will try to ask three sets of questions. Thanks for your statements.

I'm going to start with you, Mr. West.

The Phoenix debacle has hit hard. I've had many public servants come to me who either haven't been paid, or are being forced to pay money they never received. We've heard of public servants who have lost their homes.

How important is it for this government to fix what has been an incredible debacle and disrespect shown to our public servants? Is it important to have a public inquiry, so that we can get to the bottom of why this decision was made in the first place?

Mr. Howie West: It's exceptionally important to have it fixed. One of the things we've asked for in our submission is more financing. In the last federal budget, the government only allotted $35 million, $12 million, $8 million, and $8 million in the next four fiscal years. The Treasury Board report on the first Auditor General's report, and the Senate committee's report both suggest that it's going to take up to five years to fix Phoenix.

Mr. Peter Julian: I'm sorry, it's going to take how long?

Mr. Howie West: It is up to five years to fix Phoenix, so more funding will be required.

Additionally, if the government is going to be looking at a new system that goes peripherally to Phoenix—and the new system can't be in place until Phoenix is fixed—the government is going to have to hire more staff to work on that new system to advise, to let them know if it's working or not and to do the testing.

In terms of a public inquiry, what we're asking for in a public inquiry is why no senior bureaucrat said "no". It's not so much who caused Phoenix within the bureaucracy, or who were the players. We know who those players were. We were talking with the government from 2011, and we're still talking to the government. At no time did any of those senior bureaucrats say, "no".

In our first meetings in 2011, we asked for the business case for this new system that was being put in place, and we were refused. I received the business case about a year ago. Had we received that business case at that time and were able to talk about it publicly, it would have been very clear that the kind of robust analysis that was necessary to have a pay system that actually paid people was not being considered.

Mr. Peter Julian: Thank you very much.

I'm going to move on to Ms. MacEwen.

Thank you very much for your statement, Ms. MacEwen. I actually think this should be very much part of our report as a finance committee. You're talking about a new paradigm in terms of productivity. One of the figures that has been cited here is that our universal public health care system has a $3,000 competitive advantage per employee per year for Canadian businesses vis-à-vis their American competitors. You've talked about a whole range of other investments that would make a difference for Canadian businesses and would make a difference for productivity in Canada.

Can you comment on the importance of not following the Trump economics model where we simply cut—with no obligation, no direction and no strategy—taxes for the corporate sector rather than make these kinds of investments that actually improve the competitiveness of Canadian businesses and also help the quality of life of Canadians?

Ms. Angella MacEwen: Absolutely. I think if you talk to business leaders, they'll often say that their biggest advantage is their workers. You saw Amazon investing in Vancouver because of the access to high-quality graduates from university there. What we see is that when you have this Trump strategy of cutting regulations willy-nilly, cutting taxes, putting our entire global trade system into jeopardy with trade wars with China and tariffs of 25% on steel, that creates uncertainty. That doesn't create a certain, stable, sustainable environment.

Businesses often want predictability. They want to know. This is what we heard from the panel today. They also want a government that's willing to work with them when stuff doesn't make sense: "Why can't I mark where I lost my fishing gear?" We're not saying, "Don't engage with business in that," but we are saying that when you deregulate the way that Trump does and when you cut taxes the way that Trump does, you often create more problems than you're solving. You're not getting down to that core thing that we need, which is investment in public services, investment in people. That creates well-being because the reason that we want growth in the first place is for us to all have a higher standard of living and better quality of life.

● (0940)

Mr. Peter Julian: Thank you very much.

Finally, Mr. Marchi—you don't seem to age at all, which is a bit disconcerting to the rest of us—could you comment on two things?

The first is with regard to the zero-emissions vehicle strategy. I have an electric vehicle manufacturer in my district, Electra Meccanica, that has not been able to get one cent of government support to build a new manufacturing facility. Could you comment on the importance of that strategy?

Also, you didn't mention in your presentation smart grid technology, which certainly works in northern Europe to deliver electrical power through different types of feedstock. Is that an important part of what this committee should be considering?

Hon. Sergio Marchi: Thank you very much. I wish your statement on aging were true—you're a diplomat.

First of all, with regard to the zero-emissions vehicle strategy, we're awaiting the task force report. We participated in the deliberations, so we're hoping that it is going to give us a good, practical, realistic plan with realistic targets. We know that a lot of European car competitors are already making very ambitious plans for zero-emissions vehicles. I think we have to keep up with the Joneses, so we look forward to that task force report coming out any day now, as we understand it.

In terms of smart grids, that's very much a part of our considerations going forward. In fact, under our first recommendation in terms of the oversubscribed NRCan funding programs, one of them was the $100-million smart grid program. We think that was a success because the monies were available and the private sector made use of it. I think it has worked well as one of the four programs that we think should be recapitalized.

One thing is certain. The future of the electricity sector will certainly not look like the one today. Smart grids and renewable energy, and how we integrate renewable energy with our current utilities, are obviously going to be things that will be very significant in continuing to bring down emissions and, at the same time, continuing to produce the reliable power that Canadians have come to expect.

The Chair: Thank you all.

On that last question, Sergio, where is the best smart grid in the world—Germany?

Hon. Sergio Marchi: Germany is certainly one of them, but there is also some very interesting work being done by New Brunswick Power in partnership with Siemens on smart grid technology. It's not like Canada is just looking elsewhere. We're also beginning to renew and innovate the way we must.

The Chair: Thank you.

Now we'll hear from Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair and welcome, everybody. Good morning.

I'll go first of all to the honourable former minister, Mr. Marchi. You commented on competitiveness and what I would call both regulatory layering and regulatory uncertainty, which tend to both slow down and defer decision-making by companies and private investors. They are things I've often thought about and been very cognizant of.

On page five of your submission, you talk about an appropriate response to what the United States did earlier this year. I want to look at it holistically. If you were a company, two years ago you had no incentive to repatriate your capital back to the United States. Now you have a very big incentive to repatriate capital and retained earnings back to the United States. Once you do, you can invest it and get a full writeoff in year one, and so forth. We need to think about that.

Out of the measures you've put down here to promote Canada's economic competitiveness, where would you rank accelerated capital cost allowance and changes to that measure, versus the other ones you've listed?

● (0945)

Hon. Sergio Marchi: First of all, I'm glad you're thinking about the whole issue of competitiveness and the relationship with the regulatory regime. As I said in my earlier statement, we're very pleased at the CEA that the Minister of Finance has chosen competitiveness and growing the economy as a theme. It's time, because business has been fairly united for the last couple of years in beating that drum. We're looking forward to seeing what kinds of tools the government will be using from its financial tool box.

The capital cost allowance is probably close to the top, certainly in terms of what our members are urging with regard to advocacy with government. That would be a very high priority for us. It was in previous years and that continues to be the case.

Mr. Francesco Sorbara: Of course. Thank you.

I would note that Sergio and Tim need to have a conversation. Section 2 of Tim's submission, which I read last night, says, "At the same time, there is a growing realization, that large scale electrification of end use demand is neither cost effective nor technically feasible." Maybe you guys need to square on that one.

However, I want to speak to the Canadian Gas Association this morning. We know from the western Canada sedimentary basin, and from other resource fields that we have in Canada, that we have a natural advantage in gas. Out of your recommendations here, where can we get the most bang for our buck in terms of incentivizing further natural gas exploration and the appropriate distribution model for both rural and urban?

Mr. Timothy Egan: We have, as you noted, a supply picture that's incredibly positive. It just gets more and more positive all the time. The Government of Canada talks about several hundred years of supply. The product is as affordable as it has ever been. I was in Nova Scotia last week, and I had a bill in my hand from 1915. Natural gas is almost one-fourth the commodity cost it was in 1915. You're right. The supply picture is extraordinary.

The single best thing we can do to continue to help on the supply side is to look at the regulatory framework and the regulatory pancaking. I can list a series of provisions that are very onerous for our industry: the clean fuel standard, the methane regulation, the carbon backstop, the energy efficiency standards, the proposal for offset purposes, and Bill C-69. Each of these represents a cost to the end-user and to the producer, so we need to look at how we can lighten that cost. On the distribution side, we need to send a signal that isn't as negative as the signal has been about the prospects of using natural gas.

We're all for electricity. Many of our members are joint. We have a great deal of co-operation, and at the same time, we compete. It's healthy competition. Obviously the electricity industry is going to advance an electrification strategy.

The chairman asked about a smart grid. I'd say we don't need a single smart grid. We need a smart energy delivery system. That can be an electric grid. It can be a natural gas distribution system. It can be one of a variety of choices, and we shouldn't be picking a favourite. We should be giving choice.

Mr. Francesco Sorbara: Thank you.

I have one last question, and it's for CUPE and the public service workers.

Our government right now is consulting on revising the Canada Labour Code. We've also, as a government, removed what I would characterize as two anti-union pieces of legislation from our counterparts, Bill C-525 and Bill C-377. We dealt with that earlier in the mandate.

How important is that to your members, whether they're private sector or public sector union workers—those are hard-working middle-class Canadians—have a level playing field and are able to go to work with the protections and benefits that they deserve?

● (0950)

Ms. Angella MacEwen: Absolutely. Bill C-377 and Bill C-525 were awful pieces of legislation that targeted unions. We're very glad that most of that has been undone, particularly in terms of privacy for our members, with Bill C-377.

The Canada Labour Code review is a good opportunity. There's a lot that can be done in terms of recognizing the reality of precarious work that CUPE members in particular are struck by, like contract flipping, like a $15 minimum wage at the federal level, and making it easier to unionize precarious workers so that they can have the support of a union when they need it.

Mr. Francesco Sorbara: Thank you.

Thank you, Mr. Chair.

The Chair: I would like to thank you all.

We'll go to Mr. Richards and five-minute rounds.

Mr. Blake Richards (Banff—Airdrie, CPC): Thank you.

I'm going to start with Mr. Lansbergen from the Fisheries Council, partly because you had mentioned your four priority areas in your opening and you didn't have a chance to cover them all, at least in detail. I actually wanted to start with one of the areas that you were able to cover in a bit more detail in your opening, just as a bit of a follow-up with it.

You talked about—you didn't use this term, but I will —"confiscation" of essentially licences. I say that word because to me it does sound a lot like when land is confiscated, things like that. It sounds like a very similar type of situation. I wonder if you could just elaborate a bit more on that for me.

Do you have some specific stories of where people have had their licences taken and can you elaborate a bit more, as well, on the chilling effect that has in terms of investment, based on those instances?

Mr. Paul Lansbergen: Sure.

The primary instance, which I think everyone around the table knows of, is the surf clam quota that was taken away earlier this year. That decision has been reversed. A new process is slated to start next year. We haven't seen any signal that this new process will address our primary concern, which is that it was taken away without any compensation, that they're going to follow a willing buyer, willing seller model for reallocations such as that.

In terms of a chilling effect, obviously that had an impact on that particular company, because they had made investments to upgrade capacity and now some of that capacity is surplus. They have some tough decisions on how they handle that. For everyone else, it's who's next? On the reconciliation agenda, we're not disputing it and we're not opposing it. It's how you undertake it. Everyone else in the sector is worried about who's next. Is my licence the next one that could get taken away? Should I be making that next investment on upgrading our processing equipment or a new boat or providing assistance to inshore harvesters as they're looking to upgrade their equipment for their vessels? Because sometimes people in the industry.... The supply chain is all integrated, so we try to help each other.

Any discretionary investment is being revisited, postponed and perhaps, in some cases, mothballed until this gets addressed.

Mr. Blake Richards: What you're essentially saying is that the uncertainty that's being created is causing investment to be delayed or potentially forgone altogether.

It sounds very similar to what I'm hearing in my part of the country, with oil and gas and some of the changing regulations there. The uncertainty that's created makes it hard to make a choice to make an investment. It sounds like a very similar type of situation.

I wanted to ask about something that's related to that.

I would assume that you represent some small businesses, some family-run businesses, as part of the Fisheries Council. You would be well aware of some of the small business tax changes that were proposed last year. Based on a lot of public pressure, the government did somewhat walk back from those changes.

But there's something that remains a concern—or at least that I'm hearing remains a concern—and I wanted to hear your take on it, on whether it's a concern for those small businesses you represent. It's the ability for intergenerational transfers and the fact that it is something that is difficult to do. We have a system that's set up that almost incentivizes people to sell off to others outside of their family, rather than transfer within the family.

Is that something you've seen in your sector? Is that something you have a concern about?

● (0955)

Mr. Paul Lansbergen: That's a good question.

We do have issues with that, particularly with the inshore fleet in Atlantic Canada. At FCC we represent processors and our members have offshore harvesting in Atlantic Canada. Because of the rules, we're not allowed to have any inshore licences, so I'm not the expert or the authority on that, but there are rules that dictate how an inshore fisherman can transfer a licence, whether it be to the next generation or someone else. Our issues are around the licensing, not a tax treatment or anything like that.

The Chair: That's your time, Blake.

Mr. Blake Richards: Time goes fast. Thank you.

The Chair: It does, when you're having fun.

Mr. Fragiskatos.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses.

Mr. Egan, you said something a few moments ago. You talked about costs to end-users and costs to producers. I want to ask you a question with that in mind, as it pertains to cybersecurity. I noted in your brief that you had a section there and you've mentioned it here today, but when I think about the risks posed by a cybersecurity attack for critical infrastructure, that impacts all of us. That impacts our economy and certainly our competitiveness. I wonder if you could speak to that in general terms and what you'd like to offer in terms of the next budget. I know as a government we are pursuing initiatives around this, and you have mentioned that, but quite frankly, I think this is a great challenge. This is, in many ways, the challenge of the future for our economy, and for our society from a security perspective as well.

I'll put that first to Mr. Egan, and I'd also like Mr. Marchi to comment on that from a critical infrastructure perspective in the electricity sector.

Mr. Timothy Egan: I'm happy to comment on that.

Cybersecurity is a significant priority for us. In fact, it's an area where we co-operate extraordinarily closely with electricity and gas distribution systems alongside other critical infrastructure and the energy sector and beyond, for example, with the transportation sector, with water supply and with a host of other sectors.

I share your concern with the risks that cybersecurity presents. I think it's a growing concern. I would applaud the government on its cybersecurity work to date. We have worked very closely with several federal departments on this and we continue to do so, as we did with the previous government. It's an area where there is pretty extraordinary agreement across the political spectrum on the risks that we face as a country. Again, I am very supportive of the government's current direction, and in fact, my board is in Ottawa this week meeting with officials to talk about other opportunities that we have to co-operate. We are endeavouring to ensure that such co-operation is not just within Canada and between industries, but is in fact with our allies abroad as well.

Mr. Peter Fragiskatos: Thank you.

Hon. Sergio Marchi: I would certainly echo the remarks that Tim just made.

We are spending more and more monies on finding the experts and the technologies that can stay one step ahead of what has become an unfortunate growth industry, in terms of cyber-attacks and hacking. Electricity within the energy community is the number one target for these hackers. Each of our utilities has come under a considerable amount of siege. Certainly you can multiply that by tenfold in terms of our American counterparts.

First, we certainly work very closely with not only the Department of Public Safety, but also our security agencies. We have found that the Communications Security Establishment, which most of our utilities have signed relationship agreements with, is providing top-notch information, and usually quicker than what we are getting on a shared basis from the American establishment. One of the reasons for that is that there are so many American security agencies that are trying to coordinate and then funnel the information. It is very time consuming. I applaud the Communications Security Establishment, among other agencies.

I think a second aspect has to be to get our regulators knowledgeable on cybersecurity, and the challenge there is that their reports at the end of the day are public, yet the information that you get from our cybersecurity agencies is confidential. How do we square that circle?

Lastly, we are all interrelated, so we have to have a North American disposition when it comes to cybersecurity frameworks, because we are as strong as the weakest link in that continental chain. There's a huge amount of work between the United States and Canada, government to government, private sector to private sector, and we participate in the Electricity Subsector Coordinating Council, which brings all of the personnel from our two security agencies together with the private sector. We are meeting on October 11 in Washington. The question there is Mexico, and without speaking ill of any of our partners, we, I think, have to integrate Mexico much quicker and deeper into the NERC establishment, which is the North American Electric Reliability Corporation, that actually puts out the cybersecurity standards.

I would certainly make an effort on the North American side, and I think our ministers of energy, continentally, when they meet, should have a standing item on cybersecurity.

● (1000)

Mr. Peter Fragiskatos: Thank you very much.

The Chair: Thank you, all.

Mr. Van Kesteren.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you all for being here.

Tim, you've been here a long time—as long as I've been here. I can remember your advocating for the gas industry back when there were concerns about our fuel, our oil. We talked about peak oil at the time. Of course, with the advent of fracking, we've seen an incredible surge of that energy supply.

As you know, in my riding, gas is extremely important. In Chatham-Kent—Leamington, we have Union Gas, and we have the greenhouse industry. Back when I was first elected, I think they were paying $11 a gigajoule. I don't know what it's at right now, but maybe $4?

Mr. Timothy Egan: I didn't check this morning, but yes, it's under $4, I believe.

Mr. Dave Van Kesteren: It's under $4. That's an incredible news story.

There were some advancements made, and our government was a strong advocate for the gas. We wanted to see that happen in the private sector. I remember the trucks coming up from Robert company in Montreal.

How is that initiative going? There was some talk about fuel stations, of them lining up along the 401. Where are we with that? How is the trucking industry moving forward with natural gas?

Mr. Timothy Egan: The industry is quite supportive, and that support is growing. The challenge, as you know, given your own experience in the industry, is that margins are incredibly small. The decision to switch fuels represents a significant economic cost to an independent trucker, so the trucker wants to know that the infrastructure is going to be there if they do so.

I think that governments can be sending signals that they're supportive of the expansion of this infrastructure. That's the best way to move this further along.

I can tell you that we've had significant gains in the marine sector, with ferries on the west coast, ferries in Quebec, and that we have an increasing amount of interest from the rail sector about moving rail to gas. We have to think about freight transportation more broadly, and not just any one subsector. If we do that, I think we'll see significantly more movement.

Mr. Dave Van Kesteren: We talk about the opportunities. I remember at the time that there was such a demand for liquefied natural gas. After the earthquake, of course, the Japanese were hungry for our product.

What's the situation on the west coast as far as the natural gas being able to be exported? Are we stalled, or what's happening?

Mr. Timothy Egan: As you know, my membership is on the distribution side, not on the production side. Our file is not LNG exports per se.

That said, a couple of our member companies are tracking that very closely, because they have LNG facilities of their own. I would point in particular to the FortisBC facility on the west coast, which has looked at some small export opportunities, and investment in others. The challenge, as always, on LNG exports is waiting for the investors to make a final investment decision.

You can go to the press reports as readily as I can. Why are those investors not making those decisions yet? They have reservations about regulatory burdens and the competitiveness of the Canadian marketplace.

Mr. Dave Van Kesteren: You and I have had some private conversations in that regard, and we've moved those forward to the government as well.

You made a submission to Finance a number of years ago for the distribution of gas to the northern communities. Is that initiative being entertained by the government at this point? Is there some movement in that direction?

● (1005)

Mr. Timothy Egan: With regard to our proposal in our pre-budget submission for the expansion of the gas system to rural and remote communities—I focused on the rural in my earlier remarks, but it applies to remote communities—I would note that we're having conversations with players in the Northwest Territories and the other two territories as well, and also with what I'll call the near north.

The opportunity is significant. We need to think about it as a national picture and about the infrastructure that's required to build it.

Mr. Dave Van Kesteren: Thank you.

Mr. Lansbergen, do you represent the freshwater fisheries as well? You're aware that my riding has the largest freshwater fishing port in the world. I'm going to brag about that for a second. However, there is some initiative being taken right now for the basin of western Lake Erie to be turned into a park.

Is that what you're referring to as far as losing fishing opportunities for commercial fishers is concerned?

Mr. Paul Lansbergen: I was referring more to coastal ocean marine protected areas, but I know that it is happening in inland waters as well. That would be more under the purview of Parks Canada rather than DFO, but the same issues apply.

Mr. Dave Van Kesteren: Thank you.

The Chair: Thank you, Dave and all.

Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

I'll be quick. Dave asked a couple of the questions that I was going to ask.

I represent the Northwest Territories, so I'm quite concerned about the issue of natural gas. Some of our communities are running dry: Inuvik and Norman Wells. They've been bringing in fuel from B.C., which is quite expensive. Our government has provided some money to do a feasibility study in the Inuvik area. The Inuvialuit there want to look at developing their own reserves and are looking at compressed natural gas.

Should these studies prove successful, how would your recommendations assist in making their potential project a reality?

Mr. Timothy Egan: A fund for rural and remote expansion would assist with the core infrastructure costs for communities like those in your riding. Straight up, that's the way we could assist.

You mentioned the system in Inuvik. As you know, it's Canada's most northerly distribution utility. When local supply was drying up, the arrangement was made for the trucking of liquid natural gas from the Lower Mainland in British Columbia. That was a more cost-effective alternative than any of the other fuel options, which speaks to the value proposition.

To your point, to give you more long-term fuel security, I think there needs to be federal support for infrastructure, as there always has been in the north, but it needs to be focused on the natural gas opportunity.

Mr. Michael McLeod: It's ironic that in the community of Inuvik and most of the Mackenzie Valley there are natural gas wells all over the place, yet we're trucking in natural gas from B.C. at a very high cost. I'm hoping there's going to be a solution there. They're looking at solar and wind, but we're in darkness half the year.

To the Fisheries Council, I wanted to touch base on the freshwater marketing board and that whole initiative and the challenges they're going through. For a while, I think maybe only one or two board members were left. I think the people from my riding, the Northwest Territories, were one of the people who still participated in that whole initiative. Perhaps you could tell me where that's at.

I'm really curious about whether your organization is working on anything to increase the number of indigenous fishers in the industry. I look at Great Slave Lake, where I'm from. We have licences allocated, but they're not taken up. We have indigenous communities all around the lake that can't take part because they don't have the harbours, the community docks or the processing facilities. We're bringing in people from the south to fish in our lakes, and our people stay unemployed. Are you familiar with that whole scenario? Is this the case in other places? How can we fix it?

I had lots to ask.

Mr. Paul Lansbergen: On your first question on the Freshwater Fish Marketing Corporation, the government just announced within the last week a process to look at options for how to position that corporation in the best way going forward. A number of people were appointed to an advisory panel. We'll see what the outcome of that is. Hopefully it will be a very good, fruitful exercise that will position the corporation for a much better future.

Indigenous participation in the sector varies across the country. In B.C., about one-third of the sector already has indigenous participation. In the north, in Nunavut, where we have members, it's 100% wholly owned by indigenous communities, economic development corporations that purposely pay dividends to the communities. In Atlantic Canada and elsewhere, you have various types of business relationships between the companies and indigenous communities, whether supply or otherwise.

One of the big issues I think we would all agree on is how to build the capacity for indigenous communities to be more meaningful participants in the sector. Part of the programs I mentioned is the Pacific integrated commercial fisheries initiative. There's also one in Atlantic Canada. The government has announced a new one for northern Canada. These programs have shifted away from buying licences to providing funding, resources and training to the indigenous communities to build their capacity to operate fisheries on their own. A lot of that needs to continue, but giving them the access to licensing is the harder nut to crack, I think, in the whole issue.

● (1010)

The Chair: Thank you all.

Witnesses, what would be the key point you would make in terms of increasing Canada's competitiveness without causing the federal government to increase its deficit or spend more money?

You hear lots of talk about capital cost allowances, investment tax credits and so on, in the United States, making us less competitive, among other things. What could we do that would make us more competitive as a nation, improve our economy, and not cost us money? If I listened to all the witnesses we hear before this committee, we could spend millions, but what can we do to be more competitive without spending money?

Please just give one or two points. We'll start with Tim, and then Sergio.

Mr. Timothy Egan: Mr. Chairman, I would reduce the regulatory burden.

Hon. Sergio Marchi: Yes, I was going to say, lighten the load.

To an earlier question, I didn't say that we advocated deletion. First of all, we're amalgamating all the regulatory initiatives impacting our industry from among 14 governments, and it's proving to be quite the job.

Second, Tim was right in mentioning a number of bills and instruments to which we have offered amendments. We're not saying, don't do Bill C-68. What we're saying on the fisheries bill, for example, is, don't impose the killing of one fish rather than an entire school of fish to be the new threshold.

Regulatory lightening is certainly one. Second is increasing our productivity in measure to the gap that's always been there with the United States, as a way to manage and bridge that gap.

The Chair: I've been around for a while. I've seen the previous government of my party and the government of the guys over here on the left do regulatory reform, but why does it not get done? I hear all the time of regulations. Why can't we do something between municipal, federal and provincial governments to get rid of some of the regulations? Why hasn't it happened? Are there any views?

Go ahead, Angella.

Ms. Angella MacEwen: Regulations often serve a purpose, so it's not costless to get rid of regulations. First of all, it takes a great deal of time and energy to look down and ask, "What was the purpose of this regulation? How do we serve this purpose but allow the investment in business that we need?"

For example, methane regulations are very important because methane is much worse for the environment than carbon. Perhaps there was a reason why we couldn't recover fishing nets in the past, but maybe we haven't kept up with the changing technologies or how things happen. I think there are two reasons here, and there is also, obviously, getting the layers of government to work together. What stick does the federal government have to get the other levels of government to co-operate?

I would say that amending regulations is not costless. It takes a lot of time and energy, public sector manpower, and consultations on our part as well, to come to the table and tell you what you need to change. That takes a lot of resources on our part. That's one reason why that hasn't happened.

● (1015)

The Chair: I know we—

Mr. Timothy Egan: Mr. Chairman, it takes political will, too.

The Chair: Yes, that's true.

I know we have to go to the next panel, but I will tell you this on your point, Angella. As an MP dealing with constituent concerns, do you know what my question always is? Why is there no damn common sense in this system? Common sense doesn't exist in this town. It really doesn't.

I don't want to get into a debate. We're going to have to cut it there.

Sergio?

Hon. Sergio Marchi: Could I just have 10 seconds on political will?

The Chair: Yes.

Hon. Sergio Marchi: I was in public life. The federal government taxes, spends, legislates and regulates. I would suggest, with due respect—and I was guilty—that I did a lot of reflecting on the first three, and very little on the last. It's not exactly the sexiest thing for elected representatives. That's number one.

Number two, political will among the levels of government is really required. For example, the ministers of energy, federally and provincially, meet every year. This past year they met in August, up north. We have requested that they do an examination of what the left and the right hands are doing, but they haven't done that. Until you get to that stage, you can't deal with it intelligently. There really needs to be political will, but also political co-operation.

The Chair: I know Paul wants in, but I am going to have to cut it there.

Mr. Paul Lansbergen: I just need 10 seconds and a real 10 seconds.

The Chair: We need a shorter 10 seconds than Sergio.

Mr. Paul Lansbergen: Yes, it's a real 10 seconds.

Right now, there's the regulatory modernization for a number of key sectors, including agri-food. I will share our submission on that and I urge you to make it a key part of the report to make sure that there is political will to follow that through, so that the centre of government gives enough resources to make it happen.

Thank you.

The Chair: Thank you. Thank you all for your submissions and for answering our questions.

We'll suspend for a couple of minutes, while the next panel comes forward.

• _____ (Pause) _____ •

• (1020)

The Chair: If you're ready to roll, we shall reconvene on pre-budget consultations in advance of the 2019 budget.

First of all, I want to thank each of you for coming today and also especially thank those who presented submissions to us, prior to the August 15 deadline. They are quite valuable to us, so we can get through them and think of some questions, etc.

We will start with the Canadian Association of Petroleum Producers, if you're ready in that corner.

We have Ms. Joseph, who is the Vice-President of Government Relations and Mr. Brunnen, who is the Vice-President for the oil sands, fiscal and economic policy.

Welcome and thank you for coming. The floor is yours.

[*Translation*]

Ms. Shannon Joseph (Vice-President, Government Relations, Canadian Association of Petroleum Producers): Good morning, Mr. Chair and members of the committee. Thank you for inviting us today.

The Canadian Association of Petroleum Producers represents the upstream oil and natural gas industry in Canada. Our association has more than 80 members, whose production activities are located in British Columbia, Alberta, Saskatchewan, Nova Scotia, and Newfoundland and Labrador. We are here today to talk about a major opportunity for Canada. According to the International Energy Agency, a part of the OECD, global energy demand is on the rise. People around the world will need more energy in all its forms, in order to improve their standard of living. The agency also predicts that the increase will be like adding another country the size of China to our planet by 2040. Oil and natural gas will supply more than half of this demand in 2040.

Canada has oil and natural gas resources of superior quality; we are a leader in environmental matters; we are committed to social inclusion, and we have one of the most robust regulatory regimes in the world. For those reasons, we believe that Canada can and should become the global supplier of choice to meet the increasing demand for energy in the future.

Why is this a good thing for Canada?

Today, our industry employs over 500,000 Canadians. It contributes more than $109 billion to the GDP. It provides, on average, $12 billion per year to the government, and it will do more. In terms of inclusion, indigenous people represent 6% of our industry's labour force, while the national average is 4%. In 2016, oil sands companies purchased $3.3 billion in goods and services from almost 400 companies owned by indigenous individuals or communities.

We have invested more than $1.4 billion in hundreds of green technologies, in order to lower greenhouse gas emissions from our activities at the same time as we increase production. These technologies will also result in reducing not only the impact of our industry but also the impact of other sectors in Canada and around the world. We are a vital part of clean technology solutions in Canada. However, for Canada to be able to seize this opportunity, it is essential that the federal government take measures to address Canada's lack of competitiveness in relation to other countries.

I will now make way for my colleague Mr. Brunnen, so that he can explain what we mean by that.

● (1025)

[English]

Mr. Ben Brunnen (Vice-President, Oil Sands, Canadian Association of Petroleum Producers): For a number of reasons, Canada's oil and gas industry has experienced reduced investment and investor confidence over the past several years. In particular, U. S. tax and regulatory reforms are drawing investment south of the border. Regulatory uncertainty towards achieving greater market access is challenging investor confidence in Canada, and a number of government policy and regulatory initiatives are being considered that have the potential to further hinder industry competitiveness and job creation.

The results have been dramatic. Global upstream oil and gas investment is expected to increase by $56 billion, or 6%, in 2018. The U.S. alone will see an increase of about 15%. In contrast, Canadian oil and gas investment is expected to decrease from $45 billion down to $43 billion. For oil sands, investment is expected to decrease for the fourth consecutive year. This is a far cry from the situation in 2014 when industry investment topped $80 billion.

We recommend that the federal government address these challenges by, first, allowing 100% immediate deductibility of tangible capital investment in a manner consistent with the recent U. S. tax reforms; second, introducing emissions-intensive, trade-exposed protection of approximately 80% coverage of aggregate cost related to climate policy; third, working with industry to jointly examine innovative approaches to financing for small and medium-sized firms in the industry; fourth, expressly acknowledging Canada's oil and gas sector as not subsidized, by confirming that remaining oil and gas tax measures are part of the benchmark system as stated by the Department of Finance in the 2017 Auditor General's report; and finally, building upon the federal government's Generation Energy council report by adopting a vision for Canadian upstream oil and gas as the supplier of choice in meeting global energy demand.

Thank you for this opportunity to present today, and we look forward to your questions.

The Chair: Thank you very much.

From the Canadian Council for International Co-operation, we have Mr. Reilly-King, Research and Policy Manager. Welcome.

Mr. Fraser Reilly-King (Research and Policy Manager, Canadian Council for International Co-operation): Thank you.

Thank you for the invitation to testify today. I'm pleased to have the opportunity to present on behalf of the Canadian Council for International Co-operation. CCIC is Canada's national coalition of civil society organizations, working to end global poverty and promote social justice and human dignity for all. Our 80-plus members include many of Canada's leading international development and humanitarian assistance organizations.

Today I want to present on three core themes: first, the relationship between a more competitive economy and a more sustainable society; second, the key role that charities play in both the economic and societal success of Canada; and third, how Canada can apply increased growth to build Canadian leadership in global sustainable development.

First of all, in terms of building a competitive economy and a sustainable society, budget 2019 represents an opportunity for the Government of Canada to increase Canada's competitiveness by creating enhanced conditions for sustainable economic growth and tackling inequality. Recommendations highlighted in the alternative federal budget to which CCIC contributes include investing in first nations' infrastructure, closing tax loopholes and tackling tax evasion, investing in child care, and promoting a rapid and just transition to a low-carbon economy in line with G7 commitments in 2016 and 2018.

To complement these policies, we recommend that the government launch a national commission to generate a comprehensive, costed, whole-of-Canada action plan to align government policy with the sustainable development goals and to establish a coherent, whole-of-government framework of indicators for meeting and measuring Canada's SDG priorities at home and abroad. We're pleased that budget 2018 established an SDG unit and resources to support this work. We now need to get the work done.

Secondly, the government support for growth extends to all sectors of the economy, including the charitable sector. Canada's charities employ approximately two million Canadians and represent $135 billion, or 8.1%, of GDP. Moreover, they are a core element of Canada's national identity, contributing to our society as well as our economy. When Canadian charities do well, we all do well.

CCIC therefore recommends that the government implement the first three recommendations of the independent consultation panel on the political activities of charities, namely legislative and regulatory reforms by the Canada Revenue Agency, to enable charities to contribute to dialogue on and to the development of public policy. We further recommend that the government engage Canadian charities in a dialogue to modernize Canada's regulatory and legislative framework for the charitable sector.

Thirdly, sustainable economic growth is more than an end in itself. It is also an opportunity to advance transformative change at home and abroad. Budget 2018 should use the benefits of current and future economic growth to enhance Canada's global leadership in sustainable development and humanitarian assistance and its global reputational and competitive advantage.

Today, Canada invests just 0.26% of gross national income, 26¢ of every $100 in international assistance. In fact, at current funding levels, by the end of 2019 this government will have the lowest average commitment as a percentage of GNI of any Canadian government in a half a century. This is below the average of OECD countries and below Canada's own historical average contribution. Just last week, the OECD noted that despite robust economic growth, Canadian aid levels had dropped off in recent years. It recommended Canada scale up its GNI ratio to add weight to its global leadership and advocacy efforts.

With this in mind, CCIC recommends that the government increase Canada's spending on global development and humanitarian assistance over 10 years through predictable 15% annual increases to the international assistance envelope. This is in line with recommendation 85 in last year's finance committee report.

These resources should be accompanied by new, flexible, diverse and responsive funding mechanisms suitable for a variety of civil society partners. They should also include measures to target some of the poorest people in the poorest countries, including through a focus on gender equality and women's rights as well as through growing investments in women's rights organizations, and dedicating an increased amount of funding towards climate investment with 50% of funds going towards climate adaptation.

By taking these measures, budget 2019 will help build a fairer, more sustainable and safer world for all.

Thank you. I look forward to your questions.

● (1030)

The Chair: Thank you very much.

From the Forest Products Association of Canada I welcome Mr. Neuheimer, Vice-President, International Trade and Transportation.

Mr. Joel Neuheimer (Vice-President, International Trade and Transportation, Forest Products Association of Canada): Good morning, members of the committee. Thank you very much for having me here on behalf of the members of the Forest Products Association of Canada, or FPAC.

FPAC is the voice of Canadian wood, pulp and paper producers, nationally and internationally. Canada's forest products industry generates $69 billion annually, contributing over $21 billion to Canada's GDP. The industry is one of Canada's largest employers, operating in over 600 forest-dependent communities from coast to coast, and directly employing 230,000 Canadians across the country. Our sector is one of the largest employers of indigenous peoples in Canada, working closely with over 1,400 indigenous-owned forest businesses.

The forest products industry is facing several challenges, including—but not limited to—trade disputes, carbon measures, regulatory unpredictability, wood supply uncertainty and lack of reliable infrastructure to support our transportation system. More critically, federal financing programs and policies must remain predictable, stable and robust for transformative projects to be successful and to contribute to Canada's carbon reduction targets, to contribute to indigenous and rural communities that depend on the sector, and to increase investment to be able to compete effectively in the global marketplace.

FPAC has three recommendations when it comes to the 2019 budget. I will be making a short statement on each recommendation. If you would like to know more, you can read our fulsome mission, which is attached to my speaking notes today.

Recommendation number one is for the Canadian government to continue providing support through several programs, such as programs that support indigenous peoples and increase their participation in forestry-related opportunities, businesses, careers and governance. The recommendation also includes research and development programs, such as those led by FPInnovations, and programs that help accelerate the development of new forest products, including those that can replace the use of plastic across Canada. Market access programs such as Canada Wood and Wood WORKS! help increase the sector's presence in the Canadian and international arenas, and help develop new markets under free trade agreements.

Recommendation number two is to help with the uncertainty and challenges related to our sector's ability to compete. FPAC recommends establishing an industry-government working group on regulatory competitiveness. This comes back to your last point in your last session, Mr. Easter, and I'd love to explore it with you in the Q and A if time permits. This would address the cumulative regulatory burden and access to wood fibre. We recommend helping to eliminate infrastructure bottlenecks and increasingly frequent transportation service interruptions, specifically by allocating capacity to Natural Resources Canada to support the collection, analysis and distribution of data provided by the railways through the implementation of the Transportation Modernization Act.

We suggest that government address the overall tax burden Canada currently faces and ensure that during the renegotiation of NAFTA enhanced trade facilitation and trade remedies are key objectives. We suggest that government quickly ratify the comprehensive and progressive agreement for trans-Pacific partnership, ensuring further access to the Asian market for our industry. Finally, we suggest guaranteeing greater market access for Canadian forest products through the broad network of Canada's trade offices and promoting "Brand Canada" around the world.

Recommendation number three is for the Canadian federal government to collaborate with provincial governments, indigenous communities, other rights holders and stakeholders to develop an action plan to ensure healthy and resilient forests and support the workers and their communities going forward. We need to address the impacts of climate change, species at risk populations, and ensure resilient forests for future generations. Our approach to forest management needs to evolve and innovate. FPAC is advocating for the establishment of a national dialogue that brings together high-level decision-makers from industry, federal, provincial and municipal governments, indigenous communities, environmental groups, academia and research organizations. This forest-forward dialogue will develop a national call to action, addressing challenges, opportunities and recommendations for the forest ecosystem, forest management and forest operations.

Through innovative practices and active forest management, the forest sector is part of the solution to regenerate habitats, reduce fire hazards, and increase carbon storage in the forest and in renewable products.

FPAC also believes it is important for the federal government to provide a mandate to safety-sensitive workplaces like ours to be able to test employees in relation to the upcoming legalization of cannabis.

In conclusion, the forest products sector is a key driver for the Canadian economy and it is imperative that the government prioritize action to assist in its continuing growth. Our 2019 budget recommendations will help ensure that businesses in our industry are reaching their goals for expansion, innovation and prosperity to better contribute to the success of the over 230,000 workers directly employed in our sector.

● (1035)

Recently, Innovation, Science and Economic Development Minister Navdeep Bains announced a report called "Resources of the Future". This report underlines the importance of natural resources and their role in the future economy and making Canada more competitive. FPAC strongly supports this report and its recommendations.

I'll be happy to answer any questions you have this morning. Thank you.

The Chair: Thanks very much, Joel.

With the Heart and Stroke Foundation of Canada, we have Mr. Savoie, CEO.

Welcome.

Mr. Yves Savoie (Chief Executive Officer, Heart and Stroke Foundation of Canada): Thank you, Mr. Chair and committee members.

[*Translation*]

The Heart and Stroke Foundation of Canada is involved in communities all over the country. Our mission is to prevent disease, save lives and promote recovery for all Canadians. Working with the federal government and with you is of major importance and allows us to set some lofty objectives.

We have focused on three main initiatives that must be undertaken immediately in order to improve the health of Canadians. We propose the creation of a fund, financed by the federal government, to promote a healthy lifestyle, universal access to medications, and a national program committed to the cardiovascular health of women.

● (1040)

[*English*]

A federally financed healthy living fund is necessary because of the alarming and growing rates of chronic diseases throughout Canada. This epidemic is a time bomb for federal and provincial governments' expenditures in health.

In this context, Canada's healthy eating strategy is a very necessary step. We look forward to Health Canada's completion of the implementation of the strategy consistent with the government's mandate, but we need to build beyond the current building blocks of the healthy eating strategy.

Important new initiatives that need to be funded through a healthy living fund include vegetable and fruit subsidies, universal healthy lunch school programs and improvements to the food security programs that serve the indigenous populations in Canada's north. These could have significant impacts in terms of improved health and the productivity of our economy.

To be cost neutral, a healthy living fund should be financed by a levy on the manufacturers of sugary drinks, these drinks being the main contributor to excess sugar consumption in our diet. It is estimated that such a levy could generate $1.7 billion a year in revenue. This levy should be an excise tax based on volume, and it should increase at the rate of the amount of free sugars per unit, as is done elsewhere in the world.

This levy could postpone 13,000 deaths and save half a million disability-adjusted life-years, therefore enabling more productivity in our workforce. Collectively, these changes could save almost $7.3 million in health care costs over 25 years. The healthy living fund would be cost neutral and would be enabled by the levy that I have just discussed.

[*Translation*]

As a way to managing chronic disease in the country, a fair and universal pharmacare system is essential in order to improve medical adherence, to shorten hospital stays, and to lessen the demand for medical services, which would reduce costs for the health care system.

From the sex- and gender-based analysis conducted by the government, we know that women are particularly affected by difficult access to medication and by a lack of coverage. All across the country, we can see that young people, low-income families, indigenous people, and women have the most difficulty paying for the medication they need.

The Heart and Stroke Foundation of Canada is therefore asking the federal government to provide funds to establish a fair and universal national pharmacare program. The program must be implemented in collaboration with provincial governments and indigenous peoples. In addition, it must improve access to effective, less expensive and necessary medications for all Canadians, regardless of their place of residence, their sex, their gender, their age, or their ability to pay. It must also lead to improvements in the non-insured health benefits program for indigenous peoples.

[*English*]

Supporting those living with heart disease and stroke, especially women, is important. Heart disease is the leading cause of premature mortality among women in Canada, and women who survive strokes have worse outcomes than men. We need significant resources to address the systemic issues that have resulted in women being under-researched, underdiagnosed, undertreated, under-supported and under-aware of both heart disease and stroke.

System change will take time. While we're advocating for change at all levels, we first need to hear more from those who are directly affected by heart disease and stroke. We seek to lead a nationwide program to engage women to share their experiences and to build solutions around the health-based inequities they face.

We are therefore calling on the federal government to commit $5 million over five years for a nationwide engagement program that can increase women's participation in research, and support proper diagnosis and treatment while enhancing information sharing about prevention and risks.

[*Translation*]

Mr. Chair, distinguished members of Parliament, thank you for your attention.

I am happy to answer your questions.

● (1045)

[*English*]

The Chair: Thank you very much, Yves.

From the International Institute for Sustainable Development, we welcome Mr. Vaughan, president and CEO.

Mr. Scott Vaughan (President and Chief Executive Officer, International Institute for Sustainable Development): Mr. Chair, vice-chairs, honourable members, good morning. Thank you very much for inviting us. I'm joined by my colleague Yanick Touchette.

I want to focus my brief remarks this morning on three recommendations contained in the recent report of the Green Budget Coalition, of which IISD is a member. That report is entitled "Recommendations for Budget 2019". The three priorities I'll mention are sustainable agriculture, freshwater stewardship and subsidy reform.

Honourable members will recall that a key focus of the Barton reports centred on opportunities for Canada as a global leader in agricultural production and international trade. Those reports underscored the importance of increasing investments in agricultural innovation, productivity enhancement, and digital and open data tools. Those investments, according to the Barton reports, could help move Canada from its current ranking as the world's seventh-largest agricultural exporter to the world's second largest. We believe an important part of that ambitious agricultural innovation agenda includes sustainable agriculture.

Evidence shows that global demand for sustainable agriculture is growing. IISD colleagues track global trends in sustainable commodity production, third party sustainability certification, and trade on an ongoing basis. To illustrate, roughly one-third of the current $9-billion global palm oil market conforms to some sustainability standards. For coffee, 40% of what we consume has some kind of third party sustainability standard.

Earlier this year, the World Economic Forum and IISD examined trends and emerging opportunities in global agricultural supply chains and sustainability standards. Especially since the 2015 sustainable development goals and the Paris climate agreement, there is greater convergence of a demand-side pull from consumers wanting greater choices that embed organic, fair trade, sustainable and climate-smart values with a supply-side push from growers and distributors to include sustainability choices. Trade agreements like the WTO, Mercosur, CETA and others could and should have a bigger role in supporting this convergence through such tools as mutual recognition equivalency of different standards.

Mr. Chair, I'd be glad to share the reports I've just mentioned with members of the committee through the clerk, but in light of these trends, we encourage increased investments in federal agri-environmental programs, as well as investments in research and development in environmentally sustainable agriculture as well as ways to reduce food waste.

The second priority is freshwater stewardship. IISD is proud to run the Experimental Lakes Area, which marks its 50th anniversary in 2018. It's important that the federal government continue working with different jurisdictions and communities across Canada to address both well-known problems like non-point phosphorous, chemical and other pollution, and the emerging challenges facing lakes and rivers throughout the country associated with climate impacts changing hydrological cycles. We therefore encourage investments that anticipate and respond to climate-related effects on Canada's freshwater systems as well as investments for aquatic restoration, including working with farmers in protecting and restoring wetlands.

Finally, on subsidies, for over a decade IISD has worked to identify and eliminate subsidies that support, largely indirectly through tax treatment, fossil fuels. While the cost to implement Canada's promise at the 2009 G20 Pittsburgh summit of phasing out all of these subsidies is small, the direct and indirect savings measured in avoided greenhouse gas emissions, public health benefits, and others are substantial. We welcome the progress by successive federal governments in sunsetting several fossil fuel subsidies over the past decade. We encourage more action to reach or exceed the 2009 target of 2025 for eliminating all inefficient fossil fuel subsidies.

Transparency plays a crucial role in reforming fossil fuel subsidies, a view underscored by the Auditor General. As the government begins an international peer-review process of its fossil fuel subsidies, we look forward to better accounting transparency. Given my colleagues' work with other governments across the world involved in a subsidy peer-review process, we'd be pleased to share with the Department of Finance our experience with regard to this process.

Mr. Chair, colleagues, thank you very much.

The Chair: Thank you, Scott.

Our last panellist on this panel is from the National Association of Career Colleges. We have Mr. Buy, CEO.

● (1050)

Mr. Serge Buy (Chief Executive Officer, National Association of Career Colleges): Thank you very much, Mr. Chair.

I'm pleased to be here on behalf of the National Association of Career Colleges. Being part of the panel is always interesting, as you can see. I can promise I will not offer to eliminate the subsidies of one of my colleagues at this table.

We'd like to talk about education and post-secondary training in this presentation. I want to talk about the single mom who is trying to re-enter the workforce in her mid-thirties, the middle-aged man who lost his job to automation and new technologies, and the new immigrant to Canada whose credentials are not fully recognized.

For nearly 200 years, since before Confederation, regulated career colleges have helped people in situations like those to get the skills they need to get better jobs. Today there are over 175,000 students who have chosen to attend one of Canada's many regulated career colleges, and that's each year. Those colleges are found in regions across Canada and in many of the ridings that you represent.

Just for the fun of it, I'm going to concentrate on Mr. Fragiskatos. I believe you have three of our colleges in your riding, including Medix and Westervelt, as an example, which has been in existence for over 120 years.

To make sure I pick on all parties, Mr. Richards, you have one college in Airdrie, your riding, the Academy of Learning, and Mr. Julian as well, you have Sprott Shaw, which is very well recognized in British Columbia.

We have colleges throughout the country that are training and retraining students who are very different from the students attending public colleges and universities. According to a recent study done by Career Colleges Ontario, our provincial arm in Ontario, more than half of our students have previously attended another post-secondary institution. Nearly 70% are women, compared with 50% at public colleges, and 57% of our students are over 30, compared with 10% at public colleges.

It shows the different demographics and the different clientele, if I can use the term, that we are touching. More information is available in the brief we submitted, at least one version of the brief, because I understand that we sent a brief in August, which has been distributed as part of your process. We also sent a lengthier brief, which I've just been informed was not distributed. Hopefully it does get distributed. Thank you to the clerk for pointing that out. I appreciate that. We hadn't translated it.

Our schools are strictly regulated by individual provinces, which includes approval and frequent review of curriculum and instructors, disclosure of financial information and more. Many programs offered at career colleges are accredited by third parties such as the Law Society of Upper Canada and the Canadian Medical Association.

Our colleges are uniquely positioned to help support Canada's indigenous communities. We offer on-site training and short-term and focused programs in a flexible learning environment. An example of our work with those communities and stories of our graduates' successes can be found in a version of the brief we provided. I think it's the last one.

There is no one in this room who needs to be convinced of the importance of education. When taking into consideration Canada's economic growth and competitiveness, the importance is magnified. The federal government and other third parties have identified various sectors as potentially having future skills gaps, meaning that there may not be enough qualified workers in the near future. Much of this is due to automation and new technologies. More and more Canadians are turning to retraining in order to re-enter the workforce and upgrade their skills and qualifications. Regulated career colleges are well placed to help those individuals.

With condensed programs that are easily adapted to meet market demand, provincial government oversight and a history of student success, our schools are the right choice for many students. Currently, government support is available to students who attend programs 60 weeks and longer. If they choose the same program, accredited by the same bodies, but it is fewer than 60 weeks in length, the same level of support is not available. This seems to run counter to the government's objectives.

While the federal government has made skills development a priority, we believe that this support needs to be expanded to include more options for retraining, such as regulated career colleges, especially for condensed programs—that is, those under 60 weeks.

More Canadians are choosing to upgrade their skills and qualifications, and they will help the workforce of tomorrow to grow Canada's economy and make us more competitive. We have seen across many sectors that the lack of qualified personnel is already having a profound impact on Canada's economy. In specific cases, it is clear. There are not enough qualified people to fill available jobs. Domestic retraining is one way to solve this dilemma.

● (1055)

Another is international students. Canada has always been proud of its international reputation. Hundreds of thousands of tourists walk through our attractions each year and it should come as no surprise that our academic institutions are frequently sought by international students.

Many international students choose schools in Canada based on the quality of programs, study time and ability to work following graduation through the post-graduate work permit program. However, currently international students attending regulated career colleges are not eligible to access this program as their counterparts in public institutions are. This policy seems to run counter to the government's objective of filling existing skills gaps and bringing more immigrants to Canada. The reality is that those graduates are well placed to help Canada succeed. Who better to fill those jobs than people who have trained here and experienced Canadian life?

If we want to grow a successful economy, we will need trained newcomers. Enabling international students attending regulated career colleges to benefit from the post-graduate work permit program will support Canada's objectives. I want to recognize the work done by Immigration, Refugees and Citizenship Canada, but more needs to be done and more quickly. Ensuring equal access to the post-graduate work permit for all international students attending designated institutions, including regulated career colleges, would help grow Canada's economy and help the government achieve its goal.

Students across the country choose to attend regulated career colleges for many reasons: flexibility, smaller class size, targeted skills development and more. They should be supported and helped, not hindered with policies that run counter to their objectives. Not offering those students the same opportunities as those attending public institutions is unfair and is counterproductive to Canada's economic competitiveness. Working together to support our students today will mean a greater benefit tomorrow.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Buy.

Thank you all for your presentations.

We turn now to Mr. Fragiskatos for seven minutes.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Thank you to the witnesses for appearing today.

My first question goes to Mr. Reilly-King. I'm very sympathetic when it comes to 0.7%. I have a huge interest in international development and have had for some time. I know very well who Lester Pearson was. When I think of 0.7%, I think all Canadians think of his leadership.

At the same time, I wonder if there are other ways to encourage an increase in overseas development assistance. On an annual basis, as you know, we're giving around $5 billion, but remittances total on average per year $24 billion. So $24 billion is sent by Canadians to family members in need in their country of origin, who find themselves certainly in difficult situations if not in outright poverty.

What some observers have said is that instead of focusing on 0.7% and getting to that goal, as laudable as that is, are there not other ways to get to the same outcome? To be more specific, the cost of transferring a remittance is sometimes up to 17%. Firms that are the middlemen, if you like, are charging sometimes up to 17% to transfer those fees.

The G8, or the then G8 in 2009, said that the number should be 5%. Sometimes it is, but quite often it's not. I wonder if you have anything to say on that.

Mr. Fraser Reilly-King: Certainly. I think it's both, actually, and maybe a little bit more. Official development assistance is the most immediate source of revenue, if you want, or funding for reducing poverty, for tackling inequality, for ensuring that we leave no one behind. The sorts of investments that we need to make in tackling poverty aren't going to come from other sources of finance. I think ODA, official development assistance, is still a key resource for tackling inequality.

I agree with you fully that there are other sources of finance that we need to add to this mix. We know that it's going to cost trillions of dollars to realize the sustainable development goals, so we need to think about remittances. How can we reduce the amount of transfer fees that individuals are paying? With regard to remittances, I think it is also a conscious choice by an individual to use migration as a source of income for their family. In the Philippines, for example, their biggest export is their people, but that comes at a social cost to the individuals, the children and the families they leave behind.

Hopefully this week when Prime Minister Trudeau speaks to the United Nations, he'll talk about other initiatives, including how we might direct some of our pension funds or how we can start directing more foreign direct investment towards developing countries and countries that need it.

● (1100)

Mr. Peter Fragiskatos: Thank you very much.

It's all about incentives, and when you have a 17% commission, it doesn't offer much of an incentive to give back. Certainly the Philippines is a good example. When it comes to remittances, the countries in order are China, India and the Philippines. That's where new Canadians are sending back money most to, and, yes, they've left but it's our gain. They're here. They're working here and offering an incentive to them so that they can send money back to those in need. I think that ought to be on the table, particularly in light of the fact that getting to 0.7% would be very expensive, again, as laudable a goal is that is.

I have about three minutes left. I wanted to ask Mr. Savoie something.

You talked about pharmacare, and on this committee we are talking about competitiveness. That's our focus. Traditionally if you asked an economist what competitiveness means and how we boost it, they would talk about tax cuts and they would talk about less regulation, less burdens, less red tape.

You talked about pharmacare in your brief. You mentioned it here today. Is it proper to understand pharmacare from a competitiveness perspective? Is it important from that angle? Talk about its value for Canadians from an economic perspective and what it can add to our society.

Mr. Yves Savoie: My first comment would be that about two million Canadians are inadequately or not insured. A good portion of those Canadians are the growing number of Canadians who are precariously employed. They might be self-employed in a small enterprise or they might be employed in a low-wage job where there are no benefits that accompany their work, split shifts, those kinds of environments. Even young people might need to have a recourse to medication. Because they're not insured and they're a low-wage earner, they might forgo a prescription and the common cold becomes pneumonia.

There you have the link, I would say, between health and productivity. We need a healthy workforce to have a productive economy. We can't afford to have two million Canadians who are inadequately insured or not insured at all.

The point here is not to eliminate private insurers, but to make sure that the government palliates this gap with two million uninsured and that the floor, the level of public insurance, is raised up. Of the 200 public insurance schemes for medication in Canada—there are 200 of them—the ones that provide the less coverage cover only 1,200 drugs, while the best schemes for people who have good jobs provide coverage for up to 5,000 drugs. The reality is closing those gaps especially for people who are precariously employed and for people who are self-employed in small firms. The incubators, the innovators, the people who are setting up enterprises in their garages, they're the people we can't allow to forgo medication.

Mr. Peter Fragiskatos: Thank you very much.

I have a last question, more of a point, I suppose, to Mr. Buy.

Thank you for mentioning the colleges in London. We certainly appreciate the work that they do.

On automation though, there are as you, I'm sure, know, debates on the numbers. Some studies have suggested that up to maybe close to 40% of jobs in industrialized democracies like Canada could be lost due to automation, but the OECD just a few months ago in a report published in April said that the number is probably close to 10%. If we're going to focus on automation as we should, we need to know the numbers and would you acknowledge that there's no agreement on the numbers right now as far as the number of jobs that could be lost are concerned?

Mr. Serge Buy: I think you're entirely right. There's no agreement on the numbers, but there is full agreement that the workforce of tomorrow is changing, so automation is going to bring changes and the need for retraining. The people who will not want to retrain or will not be able to retrain will lose their jobs because they will need to upgrade their skills in view of the influx of technologies and robotization and artificial intelligence into their workforce.

Mr. Peter Fragiskatos: That's fair enough. I think we're on the same page there.

● (1105)

Mr. Serge Buy: Thank you.

The Chair: Thank you all.

Mr. Poilievre, you have seven minutes.

Hon. Pierre Poilievre: It's Mr. Richards.

The Chair: Mr. Richards, go ahead.

Mr. Blake Richards: Thanks, Mr. Chair.

I'll start with Mr. Neuheimer from the Forest Products Association.

In your opening you talked a bit about concerns with certainty in terms of regulation. You had mentioned specifically when you talked about that, the importance of predictability. You also mentioned a working group that you were suggesting, which would be an industry-government co-operative working group. Can you give us a bit more detail on how you think that would look, how that would work, and what you think that would accomplish?

Mr. Joel Neuheimer: Sure.

Before I begin, I just want to wish everyone a happy National Forest Week, celebrating all the great social, economic and environmental contributions that the forest industry makes across Canada.

Your question fits very nicely with a point that Mr. Easter was asking about at the last session. We've done a lot of work on trying to harmonize and simplify regulations and make them smart regulations. I mentioned specifically the government's initiative that has just been reported: the "Resources of the Future" initiative. We support that. That's an example of something that I think we should be doing more of.

I encourage all of you to do more of that on an ongoing basis. Don't make these one-off things. Don't wait until the 2020 pre-budget submission process to ask the question again. Keep this going. Keep business leaders and societal leaders engaged in those kinds of processes so that once you've identified your recommendations, you stick to them and you're very determined to action, whatever those recommendations are. Have CEO leadership there. Have the leaders of indigenous communities there. Have other leaders from communities there to make sure that you can go ahead as government and make those changes. Those are actually mission critical. If we don't do that, if we don't get better at this, we're going to lose out to our international competition, and we don't want that. We want sectors like ours to continue to help pay the bills, including those for all the great social programming that Canada does.

Basically in response to your question I would recommend that you keep those business, indigenous and community leaders engaged, and make it happen once you identify the right recommendations.

Thanks for your question.

Mr. Blake Richards: I'll just follow up on that a little further. In the earlier panel, the idea of some of the overlap that happens between different levels of government was mentioned. I would assume that this would be something that you would agree that we need to look at: making sure that regulatory processes aren't overlapping with and duplicating each other. That's one part of it.

The second part is that one of the things that isn't often done is looking at regulations that maybe have become redundant or things like that. What would you recommend in terms of looking at that and making sure that we're not always creating new regulations, but finding ways to review regulations and determine what might not be necessary any longer?

Mr. Joel Neuheimer: That's also a good question. I have two quick examples.

On the forestry management side of things, there's a huge overlap and sometimes a very uncomfortable partnership between the federal government and the provinces when it comes to administering the sustainable forest management rules and goals that we have across Canada. That's something, quite frankly, that we need to do a better job of, especially when we look at some of the work that's taking place on species at risk. When it comes to species at risk, there's a lot of very valuable knowledge that lives in the provinces. If the federal level of government is going to do anything when it comes to an issue like that, it needs to make sure that it's taking full advantage of that knowledge that exists in the provinces without trying to reinvent the wheel.

My second example, like the first one, is also an urgent example. It's the truck driver shortage in Canada. Many businesses like ours struggle on an ongoing basis to get the rail service that they need. We're located in rural and remote communities. The nearest railway is hundreds of kilometres away, typically. That can be problematic. When you need to turn to a truck, you have a tough time getting one. There are so few truck drivers that it drives up the cost as well.

In the federal and provincial scenes, there's a disconnect. The provinces have most of the power there, but there's an urgent issue for business to fix or ease the truck driver shortage. Surely the leaders at the federal and provincial levels could get together and do more, more rapidly, to help with education and training to make it easier to bring people on to drive trucks, or maybe do more via immigration.

I hope those two examples were what you were looking for.

● (1110)

Mr. Blake Richards: Another question occurred to me when you were talking about the truck driver shortage, and I might have our friends from CAPP comment on the regulatory process as well because I imagine that they would have some concerns here. Is it one of those cases where we have such difficulty with some of the processes and with Bill C-69 that it's just going to get worse, that what happens is you can't get pipelines built and, therefore, rail is being used to ship oil, displacing other products from being on rail?

Now you're saying that there's an issue due to truck driver shortages. Is this one of those things where it kind of cascades down? What are your thoughts on that, Mr. Neuheimer?

Mr. Joel Neuheimer: Oil and gas are a bit different from forest products. I don't think trucking is really for the volumes you need to ship. Correct me, if I'm wrong.

Mr. Blake Richards: I guess what I'm getting at here is that, because you can't get pipelines, you're displacing other things because oil is being shipped by rail. Am I imagining that or does that sound...?

Mr. Joel Neuheimer: Now I understand the question. You're absolutely right; it's a huge problem.

I just read a couple of weeks ago in The Globe and Mail that CN is shipping 50% more crude in the last quarter than it did the previous quarter. I'm very happy for that railway. That's part of its business, but as soon as you start reading things like that, that causes heightened anxiety in our sector and other sectors that basically need that capacity in the rail system, quite frankly.

Yes, if we had some pipeline options, that would certainly benefit us on the rail side in our business, and it would also ease the pressure with the truck situation that we talked about. You're absolutely right.

Mr. Blake Richards: Is that it?

The Chair: Yes, that's it. That's seven minutes.

Just so we're clear, I think you were saying on the last point that, because capacity in railway is taken for oil because there are no pipelines, there's less ability to move other products by rail and truck. Is that right?

Mr. Joel Neuheimer: It certainly reduces the capacity that's available to us and other sectors, like mining for example. Yes, it does, unfortunately, which is too bad because the Canadian economy suffers and the communities that depend on those industries suffer. We need to fix that. We need to do better on that one.

The Chair: Mr. Julian, you have seven minutes.

Mr. Peter Julian: Thank you very much, Mr. Chair.

I'd like to go to you, as well, Mr. Neuheimer.

I represent a riding that, after the softwood lumber sellout was signed, lost 2,000 direct and indirect jobs. We lost Canfor, Interfor and Western Forest Products. They all went down within six months of the softwood lumber sellout, and the sector has never recovered. In my area of British Columbia, Fraser Mills, where my father worked, used to be a very vibrant wood production facility, but it's now a parking lot for raw log exports. Where hundreds of people worked before, now there's just a handful of people working. When I see my high school buddies who worked in the wood sector and are no longer working there because of bad government policy, I understand your call for putting into place smart government policy, so that rather than killing those jobs, we're actually building a vibrant forest products sector.

I'd like to come to your points around market access and research and development. You're indicating a request for $22.5 million a year for market access. That sounds to me to be the minimum, really. We see that other international trading partners invest many times more in export promotion support than Canada does. We do a lamentably bad job on that. I would like you to comment on the market access funding. How much was received last year to support our wood products export? This year you're asking for $22.5 million.

Second, as to research and development, Canada is last in the industrialized world when it comes to the production of patents and the production of doctorates. We have done a very poor job in terms of research and development. How important is it to put in place innovation funding so that Canada can actually compete with the kind of research and development that we're currently not doing?

Mr. Joel Neuheimer: Thank you very much for the question.

I think if we broke it down into three buckets, it would help respond to your question. You have, in bucket one, research and development activities and investment, and in bucket two basically taking those new technologies and de-risking the risk of taking them to the marketplace, and then the last one is actually out there in the marketplace promoting them. Those are three buckets, I think, that are very important for us, which hopefully you see reflected in the submission.

People know us for the dimensional lumber we've made for the last hundred years. What we're really determined to do is to get people to know about the new forest products that we want to make —engineered wood products, much more sophisticated, much stronger than two-by-fours. As part of the partnerships we're asking for here this morning, we want to basically put these new forest products, their development and their export to overseas markets, on steroids. Those old forest products are great money-makers, but we want to make this transition to these new forest products and take these forest products to the markets.

For the overseas market development last year, I believe it was somewhere in the neighbourhood of $7 million of funding we received. Don't forget it's a partnership, so the industry is also putting up its own $7 million. It's sometimes referred to as 50¢ dollars. It's a partnership when you look at those investments.

With the uncertainty of our best trading partner to the south right now, going into Asia more deeply with these newer products that I'm talking about is more important than ever before. Also don't forget about using more wood, and this kind of goes to the bill that your colleague Mr. Cannings had great success with passing in the last session. We really believe that wood is part of the solution to the GHG challenge. Again, that's a great opportunity to get into those markets and help those countries reduce their greenhouse gases.

● (1115)

Mr. Peter Julian: Thank you very much for that.

I would like to note the $7 million last year for market access. The U.S. cattle industry alone, in terms of U.S. government support, is about $60 million a year, and for the European community to support their wine exports, about $120 million. We're talking about one of our major industries where we're giving peanuts compared with what our major competitors are doing. Thank you for that.

I would like to go on to Mr. Savoie.

On the whole issue of the excise tax, we had a debate in this committee about an excise tax now being imposed by the federal government on medical cannabis. Many people are reacting very badly to it, understandably. It cuts down access to medical marijuana that people need for pain management.

What you're proposing is an excise tax on sugary drinks. I don't think anyone would defend sugary drinks. The health impacts, as your brief indicates, are significant. To what extent do you think we could shift the ability of Canadian low-income consumers to access good food, which is a major problem, as you know, by putting that excise tax in place?

Mr. Yves Savoie: There are two aspects. There is obviously the impact of the tax, which will cause substitution. We have seen it in Mexico. They have introduced an excise tax on sugar, and people are switching. Because sugary drinks have no nutritional value in fact for low-income families, switching to tap water is probably the best choice. However, there are obviously other choices. Cow's milk, unsweetened almond milk, or other milk substitutes are also attractive.

The most important aspect is the fund that would be created through the levy, which would have as its focus to help deal with issues of food insecurity, for instance, subsidies for whole fruits and vegetables. Think about it as a voucher or a prescription for the healthy foods in groceries, and then you're helping to address one of the fundamental issues, which is that people who have lower incomes have the worst health outcomes.

When we think about the social determinants of health, we know that lower socio-economic status is among the most intractable things to change. It impacts mortality and it impacts quality of life.

If you implement things like healthy foods in schools for all children, you're addressing these questions in a way that palliates the impact of lower socio-economic status. You get both substitution and the benefits of the expenditures through the fund created by the excise tax.

The Chair: I'm sorry, we will have to end it there.

Mr. McLeod.

Mr. Michael McLeod: Thank you, Mr. Chair.

I represent the Northwest Territories, and I really welcome this discussion. I think this is an issue that has to be brought to the forefront.

When I grew up in a small aboriginal community, almost everybody drank pop. I still live in an aboriginal community, and almost everybody drinks pop. With a lot of people I went to school with, when it was lunchtime, that's what they had for lunch. It was pop and chips, because there was really nothing else.

This is a big issue. We still see barge-loads of pop heading north, I mean, to the Northwest Territories, Nunavut, Yukon. If you can imagine barge-loads as big as this room with cases of pop stacked, that isn't going to last the whole winter.

It is a big issue. Some of our ministers in the northern governments have stated that they would like to introduce some kind of levy. They are looking at doing more consultation. We all recognize that we have to address the issue of heart disease and obesity. At the same time, there is a concern that they will overly penalize the poorest in our territory. A lot of times, they have limited options. In some communities, you're not going to turn that tap water on and drink it. I challenge some of you to come and try to drink some of our tap water.

There is a very big challenge when we try to get healthy foods in our communities. Does that mean we're going to start bringing more planes, flying in more food? I don't know how that's going to work. It's almost a double whammy. If we're going to bring in this levy, then how do we find the substitute in the north?

I know in the south that it will be a lot easier. In the north, we're talking about a huge challenge. The addiction to pop in the north is probably, per capita, the highest in this country.

● (1120)

Mr. Yves Savoie: The rates of cardiovascular disease among indigenous populations are twice what they are in the average population, as you well know. It's a major priority for Heart and Stroke.

In communities where there's no access to fresh water, you probably know that people say an excise tax will be a real issue. Let's remember that some of the bottling companies that bottle soda pop also sell water. For the same volume, if you think of a bottle of Dasani water or the bottle of Coca-Cola, the bottle of Dasani water on reserve will be 30% more expensive than the bottle of pop. The cost base is actually cheaper for the Coca-Cola because there's added sugar and syrup in it and the bottle of water is just water.

The excise tax would not only invite switching to the bottle of water, which is today more expensive, so it reinforces the pattern about which you speak, but I think the most important thing again is that the fund that would be created would provide resources to improve programs, such as the programs that allow northern indigenous communities to have better access to better food.

This has to be a priority and this is the opportunity that's available in the excise tax, which would make it a priority to actually repair the situation that you illustrate. I share with you in making that an urgent priority through the healthy fund that would be created by the excise tax.

Mr. Michael McLeod: Thank you for that.

My next question is to CAPP. The issue of offshore has been a big one in the Northwest Territories, the Beaufort Sea and the reduction of sea ice has allowed more ships to come through.

There are all kinds of concerns over the lack of navigational aids, but it's also an issue with the oil industry. We have a lot of permits out there, but we don't have a plan for oil spill cleanup. We don't have a port in the Beaufort Sea, in any of the communities or in that area at all. We have no coast guard presence. We have no navigational aids. You're not going to find a buoy anywhere in the Beaufort Sea.

Last year or two years ago, I think we had 70 ships come through. We had one that got hung up and we're lucky it got pulled off safely. We also had fuel barges that were stranded because they went into shallow water. We have offloading of fuel barges onto other fuel barges. We're just asking for trouble because anything could happen.

I wanted to know if you could tell us what it would take to make it a more welcoming place for the oil industry to come and do more exploration. Is it more infrastructure? Is it a navigation system? Is it all of the above? Maybe you could give me some insight into what industry is thinking.

● (1125)

Mr. Ben Brunnen: Thank you for the question.

It's a good discussion. We view the northern opportunity as largely more of a nascent industry. There really isn't a strong level of production. There are a number of challenges that exist accessing that resource. You've listed many. Foundationally, there needs to be the supporting infrastructure and programs that are in place to establish that framework for oil and gas companies to develop their northern leases. There also needs to be a willingness from the federal government to prioritize this as an area for development.

Largely when we're in a situation where we have a high-quality resource, but really limited access to it and some relatively significant risk in terms of accessing that resource, driven by the conditions of the area, groups need to come together collaboratively to find ways to reduce and eliminate that risk. Some of that part would be on the design, protocols and procedures of the industry, but we would also need a component from the federal government to enable that and create the supporting services and infrastructure that would position the investment to manage the risk, be profitable and deliver the local benefits.

The Chair: Thank you all.

Before I turn to Mr. Van Kesteren, I have a question for CAPP as well. What's your estimate of the Alberta discount because we don't have access to other markets, other than the United States?

Second, I want to bridge this gap between the subsidy issue. Mr. Vaughan from the International Institute for Sustainable Development is working to identify and eliminate largely indirect subsidies through tax treatment to fossil fuels, which is you guys, and you're saying that CAPP firmly disagrees with the current views on what constitutes a subsidy. How are we going to bridge that gap? Who wants to start?

Mr. Ben Brunnen: I'm happy to engage in this discussion.

I'll start with the subsidy discussion and then perhaps we can get into the market access, some of those competitiveness challenges, if you will.

I certainly appreciate the subsidy discussion. It's a good opportunity to really understand the various issues. As far back as 2000, the federal government has been examining whether fossil fuel producers receive preferable tax treatment when compared to, say, the renewable sector. In particular, the commissioner of the environment and sustainable development at the time concluded:

> Overall, we found that with a few exceptions, federal government support today for the energy investments, including support through the tax system, does not particularly favour the non-renewable sector over the renewable.

However, there is the G20 commitment, in 2009, to eliminate inefficient fossil fuel subsidies that "encourage wasteful consumption" and "impede investment" in energy sources.

There are two components to that. The first is the wasteful consumption and that really focuses on subsidies to consume. Canada doesn't have subsidies to consume. In fact, Canada does the opposite. They tax consumption of fossil fuels at the consumer level. The G20 commitment looked more closely at the consumption side of things. We've looked at IEA numbers and ranked countries from consumption subsidies. Canada isn't even on the list. There is one that's interestingly on the list, which is Argentina, which is ninth, so with the joint audit of subsidies with Canada and Argentina, it will be interesting to see the results that come from that.

That said, there's the other side of this subsidy piece, which is "impede investment in clean energy resources". Evidence from this government has indicated that tax measures for renewables, such as accelerated capital cost allowance and measures for deducting intangible capital have received expansions and extensions for the clean resource sector in 2012, 2013, 2014, 2016 and 2018. That side of things, where we're talking about impeding investment in clean energy resources, we don't think applies in this instance, largely as a result of government's overt actions to support.

Looking at the oil and gas sector, despite the 2000 report from the federal government, you see we have examined federal government tax reforms over the last number of years and have identified 11 specific tax measures that were removed from 2003 to 2017, including the budget last year, which was the year of reforms to the CDE program. As a result—

● (1130)

The Chair: Can you sum up? I have to give Mr. Vaughan the chance and I'm taking time away from members.

Mr. Ben Brunnen: The Department of Finance has also affirmed that the existing tax framework for Canadian oil and gas is not subsidized. It was in the 2017 Auditor General's report. Our assessment and analysis here, we think, clearly indicates that there is no subsidy issue for the upstream oil and gas side of things. In fact, we'd like to see the federal government affirm that so that we can move forward to addressing the more pressing challenges, such as GHG reduction and/or eliminating consumption subsidies globally.

Thank you.

The Chair: Mr. Vaughan, can you bridge the gap?

Mr. Scott Vaughan: The debate on the definition has been under way now for over 10 years. It's based on the World Trade Organization definition of what the subsidy is. My colleagues in our Geneva office have been working on this over the last 10 years with the OECD, with the International Monetary Fund, with the International Energy Agency. I think from Canada, the story is very good, from the previous government to this government.

There is still residual at the federal level—about $200 million. ACCA is one. Flow-through shares is another. When you look at both federal and provincial, you see it's about $2 billion. Within the global scheme of things, Canada doesn't rank because if you combine all the subsidies to fossil fuels, it's about $500 billion a year, and that's one of the challenges, both from a treasury draw but also, then, for meeting Paris and other targets.

What I would just end with is.... We could go on with this for hours, but I know you're not going to let us. Canada has agreed to do a peer review process, where other countries, including the United States, two years ago, to their Department of Energy said, let's sit down and go through each one of the tax measures, measure by measure, and then get to a classification. I think this is a good story, but Canada isn't quite able to declare victory.

The Chair: Okay, that gives us some further information.

Mr. Van Kesteren.

Mr. Dave Van Kesteren: Thank you, Chair.

How much time do I have?

The Chair: You have five minutes.

Mr. Dave Van Kesteren: Thank you.

I have to tell you, the petroleum industry certainly has a different tone from when I was in government and you came to visit us at that time. It was more your having asked...to assist you, to develop the oil sands. It seems like you're on your heels and I can understand that with the current government in place.

I have a question. It's a little bit off the cuff. Mr. Reilly-King and Mr. Vaughan, who funds your organizations?

Mr. Scott Vaughan: The International Institute for Sustainable Development has been around for about 30 years. Our funding is from different sources including the Government of Canada, the Ontario government, the Manitoba government—our headquarters are in Winnipeg—the United Kingdom International Development Agency, Denmark, Germany and private individuals.

We've just entered into something called the Circular Economy Leadership Coalition with leading Canadian businesses like Loblaws, IKEA, Unilever and others, so we have, on any given day, about 100 different funders. We're a charitable non-profit, so we have audited statements that we submit to the Canada Revenue Agency yearly.

Mr. Dave Van Kesteren: In essence, then, you are funded by governments. I find that a little odd. I see the industry coming here to the finance committee to enhance their industry and to maybe build our economies, and we have a government agency that's on the attack, as it were. Is that not just a little unfair?

Mr. Scott Vaughan: We would argue the importance of having policy coherence. We work very closely, as I just mentioned, with the business sector. There are points where we still have different perceptions on key measures, but we're all here because we want the Canadian economy to succeed, we want Canadian workers to succeed, and the devil's in the detail on some of the specific measures.

For example, can we save the Canadian taxpayer money by putting that allocation elsewhere? That's up to you. It's not up to us. We only say things based on evidence.

Mr. Dave Van Kesteren: Mr. Reilly-King, where does your funding come from?

Mr. Fraser Reilly-King: About 80% of our funding comes from our members, and the remaining 20% comes from a range of different foundations. The biggest portion of that is from the International Development Research Centre. The IDRC funds a three-year program to enhance collaboration between Canadian academics and our members in order to develop a greater evidence base and improve the impact of our programs.

● (1135)

Mr. Dave Van Kesteren: I have not seen a call for membership or anything in that regard. What would a normal member constitute? Would it be just the average citizen who reads about your work and wants to participate?

Mr. Fraser Reilly-King: Our members are around 85 charitable organizations across the country that work in international development and humanitarian assistance.

Mr. Dave Van Kesteren: Again, those organizations would be active in places like, let's just say, Africa, so they have advocacy at the government level to make sure their programs are carried out. Is that a fair analysis?

Mr. Fraser Reilly-King: Exactly. They're trying to have as much impact for the dollars they get as possible. Many of our members work internationally, as you mentioned, but many also have domestic programs.

Mr. Dave Van Kesteren: I've been to a number of African countries, so I'm familiar with those programs. That's good to know.

Mr. Neuheimer, you've had a lot of the floor this morning. I was looking for the article but couldn't find it. Is there a crash in lumber prices in the United States? I thought I read that yesterday. I just scanned over it. Is that going to affect the Canadian industry?

Mr. Joel Neuheimer: I wouldn't say it's a crash. There's been a little dip in the prices in the last couple of weeks, but it's not a crash. We're not hitting the panic button yet. We're not yet in for a full correction like we were back in 2007, but that is the nature of our business. It's very cyclical.

The Chair: You are next, Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Chair.

I'm going over to CAPP.

Our growth rate in the second quarter rebounded nicely. GDP was 2.9% in Canada, and a lot of it was due to the energy sector, which is obviously focused in western Canada, Nova Scotia and Newfoundland. Our government is supporting energy workers across the country with a number of policies, including the acquisition of the TMX pipeline. We are on the right trajectory with that.

In terms of the capital cost acceleration, how important is that to the sector? Answer very quickly, please.

Mr. Ben Brunnen: In addition to the market access support, our primary request is the immediate deductibility of capital expenses—100% is how we're framing the issue—and this aligns with recent changes in the United States. It actually moves the needle substantially from an investment perspective. It was the key lever that was responsible for advancing the development of the oil sands under the Liberal government of the 1990s.

Mr. Francesco Sorbara: Thank you.

There was news yesterday from TRP that they will start on the fourth leg of Keystone XL in 2019. I think that will go a long way to reducing the discount between WTI and WCS, which would be great.

Moving on to Heart and Stroke, one thing I've been very cognizant of since becoming an MP is the rate of heart disease and the rate of heart disease among women. Women suffer strokes more often than men do. I didn't know that. It's one of those facts that you just don't hear about.

What can we do to raise awareness—because there is a gender issue when it comes to this issue, in terms of raising awareness for women, specifically—and reduce heart disease and the potential for stroke?

Mr. Yves Savoie: Let me just say thank you for your question. One of the things that your government has done through the CIHR, is to impose a sex and gender analysis in all of the research that is conducted. Let me just say that I applaud that, because 70% of the research in animal models or human models is done on males, and too often studies are not powered to be able to arrive at conclusions about the other gender.

On the awareness issues, I'll take heart attacks, for example. Most people think of someone with a heart attack as presenting with chest pain. Most women experience heart attacks without chest pain. They will often present with nausea or overheating. In the emergency room, they will be diagnosed as having indigestion and will therefore have slower access and more permanent damage.

We need to do work to equip both health professionals and women to be very proactive in exhausting the pathways that are available to them, and to demand that the possibility of a heart attack be eliminated when they are in the emergency setting. This is a really big crisis.

The other thing that is a really big issue is that even after diagnosis —for males and females who have had a heart attack—the rate of referral to cardiac rehab and of completion is about 30% lower for women. From a health system perspective, it's making sure that the programs are designed in ways such that women will adhere to them and such that they are referred, because we know that cardiac rehab has benefits to actually repairing the heart and ensuring that people can live in good health and without permanent damage.

● (1140)

Mr. Francesco Sorbara: Thank you, sir.

The Chair: Now is Mr. Poilievre and then the final question will go to Mr. Amos.

Mr. Poilievre.

Hon. Pierre Poilievre: Prime Minister Justin Trudeau said last year that he wanted to phase out the oil sands. In many respects he has been succeeding in that objective. Investment in Canada's oil sands was down for a fourth consecutive year this year.

When Prime Minister Trudeau took office, three of the world's most respected infrastructure companies were planning to build pipelines to tidewater, and all three of them have exited: Enbridge, TransCanada and Kinder Morgan. All three of them have decided to invest elsewhere, in other places.

This decline is ironic given that oil prices have risen under this government. In other words, one would have expected that market conditions would have caused fortunes for our industry to rise as well, but they have gone in precisely the opposite direction.

Do you think your organization is succeeding in having its policy agenda respected by this government?

Ms. Shannon Joseph: We've certainly been happy to see some of the changes in the government's policies, in ways that are supportive of our industry. We were very happy to see TMX continue, and we are happy with the announcement that ensured that it would go forward.

Hon. Pierre Poilievre: Sorry. Just to continue, has construction begun?

Ms. Shannon Joseph: No it hasn't, and we look forward to it beginning.

Hon. Pierre Poilievre: Do you have any idea when it will begin?

The Chair: Mr. Poilievre, the witness has the floor. I'm surprised nobody on the government side made a point of order. Your interpretation of what the Prime Minister said may be a little different from what was said.

Go ahead, Ms. Joseph.

Ms. Shannon Joseph: Thank you.

We're pleased to see some of these things moving forward. As we said in our remarks, we're happy that the government has indicated, through the Generation Energy council, a commitment to clean oil and gas, and a role for Canada in the world. We certainly want to see more of that, and an enhanced discussion from the government about the role that Canada's oil and gas can play in alleviating energy poverty.

Are there things that could go further? There are, and we hope to see some improvements on the regulatory front. We remain committed to a constructive collaboration with the government.

The Chair: Mr. Poilievre.

Hon. Pierre Poilievre: Do you want the existing policies to go further?

Ms. Shannon Joseph: We want the policies that are working well to go further, and we want to fix the policies that could be improved.

Hon. Pierre Poilievre: Do you have any estimate as to when construction will begin on the Trans Mountain pipeline?

Ms. Shannon Joseph: We know from the announcement that there's a 22-week study period. We look forward to that proceeding as quickly as possible.

Hon. Pierre Poilievre: There is a verifiable outrage among people who work in the sector about the government's layers of taxation and regulation, about vetoing a pipeline to tidewater that had already been approved, about regulating to death another pipeline that would have taken western oil to eastern refineries, and about the government's failure to even begin construction, let alone complete it, on the newly nationalized Trans Mountain pipeline.

Do you think there might be a disconnect between oil industry lobbyists in Ottawa and workers and entrepreneurs on the ground?

● (1145)

Ms. Shannon Joseph: The oil industry is a diverse sector. Many of our companies, and many of their workers are unhappy about what's been going on in this sector in terms of loss of investment. We certainly hope the committee understands that there is an issue with respect to competitiveness that is causing loss of investment, and there are important policy changes we hope this government will address.

That's what we're here to do. We understand what's going on in our sector. There's no disconnect between us and the sector.

The Chair: Mr. Amos.

Mr. William Amos (Pontiac, Lib.): Thank you, Chair, and thank you to the members for letting me join you today.

I'd like to invite Mr. Reilly-King and Mr. Vaughan, both of whom I had the pleasure of meeting in New York this summer at the UN SDG meetings, to speak to the importance of overseas development assistance in the context of a renewed relationship between Canada and the rest of the world.

Obviously, this week is a big one for Canada at the UN, and discussions are well under way around Canada's campaign to secure a seat on the Security Council, which the previous government failed miserably in doing.

Could you comment on the importance of investments in development assistance in that vein?

Mr. Fraser Reilly-King: The OECD report that came out about 10 days ago definitely recognized the strong leadership role that Canada has played globally in advancing gender equality, but it suggested there was a disconnect between the good words and the good deeds, and the investment Canada is making.

Looking ahead to the Security Council seat effort, if Canada can demonstrate that it can increase the investment for official development assistance by identifying other sources of funding for sustainable development, it will match its leadership in words with its leadership in actions.

Mr. Scott Vaughan: I think the Prime Minister's comments this week in New York underscore that the world is looking at how we're going to fare with the implementation of the sustainable development goals. The more that Canada, through its development agencies, the embassies, and working with the private sector.... Bringing concrete solutions to the ground in developing countries is critically important beyond the Security Council seat. The more that Canada engages in this, the better for us all.

Mr. William Amos: I'd love to ask Mr. Savoie a direct question, because I don't think Canadians have necessarily heard the Heart and Stroke Foundation's voice on the issue of putting a price on pollution. It's a debate that's clearly important, and Canadians expect us to protect them. I anticipate that the Heart and Stroke Foundation would be fully onside with measures that will clean Canada's air and help generate fewer air pollution-related deaths and smog-related deaths.

Mr. Yves Savoie: We haven't taken a position, but the reality is that clean air is important to our respiratory health and to cardiovascular health more broadly.

Our focus has been on healthy eating, and that's because the burden of disease related to poor nutrition or to the sins of affluence —meaning eating too much of the wrong foods in the developed world—is the biggest source of mortality. Interestingly, as our friends from the Council for International Co-operation would know, that has now changed in the developing world as well. More mortality comes from overeating the bad foods than from malnutrition. The food issues have been our focus, but I think your premise is one I will take back home, if I may.

Mr. William Amos: I would appreciate that, and I think Canadians would like to hear the voice of the Heart and Stroke Foundation on the issue of a price on pollution.

Mr. Yves Savoie: I thank you for the suggestion.

Mr. William Amos: Thank you.

The Chair: Ms. Rudd.

Ms. Kim Rudd: I want to ask a question, Mr. Chair, on the fuel subsidies. I do have a response.

For clarification, at the G20, Argentina and Canada among other countries agreed back in 2009, I believe, to look at inefficient fuel subsidies. That was ratified in 2016. Canada and Argentina are looking at each others' practices, but there is an agreement writ large in the G20 to look at inefficient fuel subsidies. I think the word "inefficient" is important in this conversation, so I wanted to provide that comment.

● (1150)

The Chair: Okay. That's good to have on the record.

Thank you very much to all the witnesses and also for your presentations earlier and for answering our questions.

With that, the meeting is adjourned until we do it all again tomorrow.

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